

Wards Affected:

Campbell Park and Old Woughton Ward

ITEM 2**DELEGATED DECISION****19 APRIL 2016****DISPOSAL OF PROPERTY AND LAND AT 211 SIMPSON, SIMPSON VILLAGE**

Responsible Cabinet Member: Councillor Middleton (Cabinet member for Resources and Commercialism)

Report Sponsor: Mark Dolling (Capital Programme Director)

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Executive Summary:

As the Councils' capital finances becomes increasingly stretched, it is key that the portfolio of property assets is managed ever more strategically to ensure value for money for the taxpayers of Milton Keynes. The need to strategically manage the property portfolio is proving increasingly critical as the Council is now forecasting a circa £30m shortfall in its school building programme post 2017.

Following a careful review, it has been concluded that 211 Simpson (Formerly MK Early Intervention Centre), MK6 3AD cannot be used to support the Council's priorities, and is therefore surplus to requirements.

To achieve value for money for the taxpayers of Milton Keynes, it is proposed that this land asset is marketed for sale and possible subsequent housing development. So as to ensure, however, that the Council is fully engaging with the local community about the future use of Council' assets, bids are invited for alternative community uses for a period of six months. These will be given due consideration.

1. Recommendation(s)

- 1.1 That the disposal of 211 Simpson be agreed.
- 1.2 That the Interim Head of Property be instructed to appoint property marketing agents to sell the freehold interest in the Property.
- 1.3 That the Interim Head of Property and the Senior Estates Surveyor, in consultation with the Cabinet member, be authorised to evaluate the offers received, to accept the offer which represents the best consideration (unless none of the offers received are suitable) and to instruct Legal Services to deal with the sale.
- 1.4 That the property will be marketed in order to achieve best consideration in accordance with S.123 of the Local Government Act 1972.

2. Issues

- 2.1 The Property is a former Children's Resource Centre of 180m² and outside area abutting the Grand Union Canal; which was returned to Property

Services when the children's resource service vacated at the end of September 2015. The Property has remained vacant since then.

- 2.2 The potential disposal of this site has been discussed at the cross-service Strategic Property and Facilities Management Board to ensure there are no alternative options for the site. This discussion confirmed there is no interest from any service area (subject to the outcome of the marketing proposal below) and it is therefore surplus to Council requirements.
- 2.3 The Council has the power to sell the Property on the open market and an open marketing process helps to meet the Council's statutory duty to obtain the best consideration reasonably obtainable.
- 2.4 In 1965 covenants were given not to carry on any trade or business at the property and not to erect on the property any building other than one residential bungalow. This should not affect the ability to sell.
- 2.5 Selling the Property which is located in a highly sought after area could generate interest for residential redevelopment which is a change from the existing community use. This will necessitate a 6 month marketing period to establish there are no 'alternate community uses' for the site to satisfy planning requirements.
- 2.6 The 6 month marketing exercise will be comprehensive, to establish there are no 'alternate community uses' which require such a property in this location.
- 2.7 A purchaser may insist upon the determination of a planning application before purchase and the sale may be conditional upon this.
- 2.8 Property Services and marketing agents have provided an approximate market value of £400,000 assuming planning permission for residential use. This figure may only be achievable on a conditional sale requiring the purchaser to obtain planning permission for a change of use.

3. **Options**

- (a) Do nothing – this option leaves the Property unused and empty and will incur costs of maintenance and management.

Following a condition report it has been identified that the property would require approximately £82,000 to be spent on it. Major works would include general roof repairs (£27,000) and polycarbonate roof replacement (£7,500). Other minor works required include internal and external redecoration (£10,000), play area (£5,000), fencing (£7,500), internal ceiling works (£6,000) and replacement of toilets (£5,000). In addition there are other very minor works also required.

This option does not accord with Council's Corporate Property Strategy and should not be selected.

- (b) Redevelopment for Council Housing - the building that currently sits on the site would have to be demolished as it is not suitable for conversion to residential use. The site is small and, subject to planning consent, might accept two, possibly three, houses. Such small-scale

developments tend to have high overheads and thus unit construction costs are higher than average. Hence, taken with the costs of demolition, this site is not considered good value for money for expenditure from the Housing Revenue Account.

- (c) Sale of the Property being surplus to requirement – this is anticipated to generate an estimated capital receipt of £400,000 and accords with Council’s Corporate Property Strategy. This is the recommended option.

4. Implications

4.1 Policy

The recommendation to sell this property meets the Council’s Corporate Property Strategy by generating a capital receipt from the sale of a surplus property.

The sale of the Property was approved by the Strategic Property and Facilities Management Board on 18 January 2016.

4.2 Resources and Risk

£5,000 of legal and marketing costs are involved in the sale process however, the costs may be higher than this if the sale is subject to a conditional contract and the legal work is not handled by Legal Services. The costs of sale and marketing up to the value of 4% of the disposal value can be offset against the capital receipt generated. Any additional cost over 4% will be a cost to the general fund. The capital receipt received is part of the planned capital receipts supporting the delivery of the 2016/17 Capital Programme.

Y	Capital	Y	Revenue	N	Accommodation
N	IT	N	Medium Term Plan	Y	Asset Management

4.3 Carbon and Energy Management

N/A

4.4 Legal

The Council has power to sell the property on the open market. An open marketing process helps to meet the Council’s duty under section 123 of the Local Government Act 1972 to obtain the ‘best price reasonably obtainable’. It is likely that insurance could be taken out against enforcement of the 1965 covenants mentioned at paragraph 2.4 above and therefore such covenants need not prevent development.

There is not a legal requirement to see whether there are alternate community uses for the site - paragraph 2.5 above refers. This decision is needed in addition to the decision by the Strategic Property and Facilities Management Board mentioned at paragraphs 2.2 and 4.1 above.

4.5 Other Implications

N/A

N	Equalities/Diversity	N	Sustainability	N	Human Rights
N	E-Government	N	Stakeholders	N	Crime and Disorder

Background Papers: Strategic Property and Facilities Management Board paper