

MUNICIPAL YEAR 2016/2017 REPORT NO.

**PORTFOLIO REPORT
OF:**
Director of Finance,
Resources and Customer
Services in conjunction
with the Cabinet Member
for Finance and Efficiency

Agenda – Part: 1

KD: 3427

Subject: Disposal of Coppice Wood Lodge.

Ward :

Cabinet Member consulted: Cllr Dino Lemonides

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1. EXECUTIVE SUMMARY

A Report to Cabinet in January 2017 under KD4448 authorised the disposal of this asset.

A further Portfolio report under KD 3427 approved the disposal of this asset to Newlon Housing Trust (NHT) on a conditional contract basis with a non refundable deposit as part of a group of sales to achieve the Council's target by the end of the financial year 2016/17.

The proposed purchasers of properties at 265 Church Street, Honeysuckle House and Bridge House have however, recently decided not to complete the purchase by the 31st March 2017 as indicated in their bid proposal.

Following a further , unconditional bid being received from Newlon , this has now been factored into the scoring Matrix and approval is now sought to proceed with this unconditional offer .

2. RECOMMENDATIONS

- 2.1 That approval is given to the disposal of Coppice Wood Lodge to Newlon Housing Trust through an unconditional offer .
- 2.2 To delegate authority to the Assistant Director (Strategic Property Services) to negotiate any non -material changes to the terms of sale.

3. BACKGROUND

3.1 The Council set a disposals target of £10m for 2016/17 with sales expected to be achieved from a continuous review of opportunities from previous tranches 1-8 and ongoing work on new opportunities.

3.1 The Cabinet meeting on 18th January 2017 under KD number 4888 approved the disposal of the following Tranche 8 properties, in principle, which have been identified as either surplus to operational requirements or otherwise in the Council's best interests to sell :

- 1. Dairy Cottage (former parks residential property)**
- 2. CoppiceWood Lodge (care home)**
- 3. 265 Church Street (former clinical unit)**
- 4. Honey suckle House (former care home)**
- 5. Reardon Court (former care home)**
- 6. Bridge House (care home)**

3.2 Our co-source property consultant partner, GVA began soft marketing the sites pre- Christmas and full marketing commenced on the 19th January 2017 and undertook the following marketing campaign on the Council's behalf:

- 1. Advertising in the local press (25th January 2017 & 1st February 2017)**
- 2. Advertising in the Estates Gazette, trade journal**
- 3. Distributing particulars to GVA's national databases of prospective purchasers.**

3.3 Bids were requested on 3 bases, wholly unconditional, conditional on receipt of planning consent and a third hybrid bid based upon payment of a non refundable deposit with a further stage payment based upon value upon receipt of a satisfactory planning decision.

3.4 The bid deadline date was set for 6th February 2017 and the Council received in excess of 200 bids across all six sites. The top three/four bidders were then invited to submit Best and Final offers by noon Wednesday 15th February 2017.

3.5 Each of the bids were then compared and evaluated in a matrix against the following criteria:

- Offer level
- Offer type
- Timescale to completion
- Conditions attached to offer

- Realistic/Unrealistic scheme proposals
- Affordable Housing offer
- Track record
- Funding source
- Approval process
- Nomination rights offered /cost avoidance
- Build quality

3.6 The most economically advantageous bids for each of the sites were listed on a site by site basis within the report under KD 3427.

Following the receipt of Best and Final offers each of the bidders were issued with sales contracts and were expected to complete the sale by 31st March 2017.

The proposed purchasers of properties at 265 Church Street, Honeysuckle House and Bridge House have however, recently decided not to complete the purchase by the 31st March 2017 as indicated in their bid proposal.

Reardon Court has been withdrawn pending further discussions on the delivery of an Extra Care Scheme.

Newlon Housing trust have advised that they would also wish to make an unconditional offer for Coppice Wood Lodge .

In the light of the current set of circumstances, it has also been necessary to re-evaluate the Matrix of offers to ensure that the original priority objective of achieving the £10M target is met along with ensuring VFM to the Council .

Newlon Housing Trust 's current unconditional offer is less than the original unconditional offer from HEB International Limited for this property, however , HEB have been contacted and they are unwilling to proceed with completion before the 31st March .

All other bidders on other properties under this sales tranche have also been approached with a view to ascertaining their views on an accelerated basis and none have confirmed that they are in a position to proceed in accordance with the Council's timeframe.

Newlon Housing Trust however are able to proceed on the basis that they are already in advanced contractual negotiations with the Council and funding arrangements are in place and no further board approvals are required.

As detailed in previous reports, the council 's position with regards to the disposals is that it need to balance a corporate priority to achieve £10m capital receipts with the requirement to achieve Best Value and

VFM to the council . The matrix evaluation used takes into considers social, environmental and economic wellbeing within the consideration .

4. ALTERNATIVE OPTIONS CONSIDERED

Retention of property without regular review is clearly not in the Council's business interests. If property is not disposed of, it would cause a reduction in capital spending or increased borrowing. However evaluation of individual cases may result in retention being the better option.

5. REASONS FOR RECOMMENDATIONS

- 5.1 Potential disposal of the properties is recommended as being in the Council's best financial interests balanced against service and community needs.

6. COMMENTS OF THE DIRECTOR OF FINANCE, RESOURCES AND CUSTOMER SERVICES AND OTHER DEPARTMENTS

6.1 Financial Implications

Contained in Part 2 report

7. Legal Implications

- 7.2.1 By Section 123 of the Local Government Act 1972 ("S.123 LGA") and/or Section 1 of the Localism Act 2011 the Council has the power to dispose of land in any manner it wishes, subject to certain provisions.
- 7.2.2 The Council has a statutory duty to obtain the best price reasonably obtainable, subject to certain exemptions.
- 7.2.3 The Council has the ability under the General Consent Order (2003) to dispose at less than best consideration up to a value of £2m, subject to having a rational explanation
- 7.2.4 In accordance with the Council's Property Procedure Rules the inclusion of property on the disposals programme requires approval either by the appropriate Cabinet Member or by Cabinet itself.
- 7.2.4. All disposals should be made on a competitive basis, unless justified and approved otherwise, as required by the Property Procedure Rules.

7.2.5 Some disposals may be subject to conditions such as the grant of planning permission which will be a pre-requisite to the completion of the disposal and the receipt of the sale proceeds.

7.2.6 Contracts for sale will be in a form approved by the Assistant Director of Finance, Resources and Customer Services (Legal Services).

8. Property Implications

The Assistant Director Strategic Property Services will confirm that the proposed terms of individual sales comply with statutory duties and the Council's Property Procedure Rules.

9. KEY RISKS

The risk of property disposals not providing the necessary proceeds to fund the approved Capital Programme will be mitigated as far as possible by prudent budget setting and processes for review and monitoring of progress and assessment of market conditions.

The risk of not achieving the £10m capital receipt required by 31st March 2017 is mitigated by over profiling sales receipts on the assumption that one or more may not complete by the 31st March 2017.

10. IMPACT ON COUNCIL PRIORITIES

10.1 Fairness for All

The sale of property generates capital receipts, which are used to fund spending priorities within the Council, helping protect services essential to those most disadvantaged in the borough.

10.2 Growth and Sustainability

Residential and Care home/extra care redevelopment will be appropriate for some of the properties to be sold, which increases the housing stock, producing more sustainable and carbon efficient homes.

The disposal of property for development attracts inward investment and funding and boosts local economic activity.

10.3 Strong Communities

Capital receipts help fund capital projects that assist the Council in building strong communities.

11. EQUALITIES IMPACT ASSESSMENT

Equality Impact Assessments will be conducted on individual properties where appropriate.

12. PERFORMANCE MANAGEMENT IMPLICATIONS

Rationalisation and more efficient use of property will contribute to improving service delivery to assist in meeting the Council's objectives.

13. PUBLIC HEALTH IMPLICATIONS

The redevelopment of this site for general needs housing and the decanting of existing residents to improved fit for purpose accommodation will therefore improve public health for those who benefit from the development .

14. HEALTH AND SAFETY IMPLICATIONS

There are no Health and Safety Implications arising from the disposal of these properties at the current time. Those properties which are currently vacant are being managed by our security contractors and those currently operational have health and safety protocols already in place.

15. HR IMPLICATIONS

There will be HR implications for staff currently employed at Coppice Wood Lodge properties however, these will be managed by the HHASC division of the Council with TUPE regulations applied in accordance with current legislation.

Scoring Matrix & Weighting

Criteria	Bidder 1	Weighted Score	Bidder 2	Weighted Score	Bidder 3	Weighted Score	Bidder 4	Weighted Score	Weighting
Offer									X3
Offer type									X3
Timescale									X3
Conditions									X2
Realistic scheme/development density									X2
Affordable Housing									X2
Track record									X1
Funding source									X1
Approval process									X1
Nomination rights offered									X2
Quality of Build									
Grand Total									

- Scores against each criteria should be marked against each bid relatively with scoring between 1 – 10 then apply the weighting in column 10 to arrive at a weighted score. Total the weighted score column for each bid to arrive at a grand total.
- Offer type scoring is more highly graded where the bid is unconditional.
- Timescale is marked in relation to completion by 31st March 2017
- Conditions relate to number and type , reasonable and deliverable/credible
- Realistic scheme : Is the bid based upon a reasonable and sensible scheme
- % affordable housing. Greater the % the greater the score
- Track record : Recent schemes, size, complexity and type
- Funding source : Bank lending level/Loan to Value and if private equity , what is the source