

MUNICIPAL YEAR 2017/2018 REPORT NO. 119

MEETING TITLE AND DATE:
Cabinet – 20 December 2017

Agenda - Part: 1

Item - 13

Report of:

Executive Director of Finance,
Resources and Customer Services

DISPOSAL OF SOUTHGATE HOUSE
High Street
Southgate

WARDS: Southgate

KD No: 4581

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1. EXECUTIVE SUMMARY

- 1.1 This report seeks approval for the sale of Southgate House, and the associated former caretaker's detached house.
- 1.2 These properties were acquired in 2016 as part of the purchase of the former Minchenden School site for the provision of a new autistic secondary school. A report to Cabinet in October 2016 (KD 4293) set out the redevelopment proposals for the Farbey building and advised that a further report would be prepared concerning the disposal of Southgate House, which was never intended to form part of the new school.
- 1.3 It is considered in the Council's overall best interests to sell, subject to the receipt of satisfactory financial offers, given the maintenance and security liabilities and in order to assist in funding capital spending.

2. RECOMMENDATION

That Cabinet is recommended;

- 2.1 That approval is given in principle to the disposal of Southgate House, High Street, Southgate, N14
- 2.2 To delegate the method of sale and the approval of agreed terms of sale to the Cabinet Member for Finance and Efficiency in consultation with the Executive Director of Finance, Resources and Customer Services.

3. BACKGROUND

- 3.1 This is one of a series of reports to Cabinet since December 2010 regarding the disposal of Council owned land and buildings. The general principles for consideration of retention / re-use or disposal of property have been set out in previous asset management/disposal reports.
- 3.2 The consideration of the disposal put forward in this report has been approved by relevant Cabinet Members and Service Directors.
- 3.3 More specific criteria to reach a final decision to sell now includes:
 - Consultation with Ward Members;
 - Consultation with affected users where appropriate;
 - The nature and terms of bids, the proposed use of land and buildings, and the level of financial offers received.
- 3.4 A report to Cabinet and Council on the 20th January 2016 under KD4209 approved the acquisition of the former Minchenden School site from Barnet and Southgate College for the provision of an autistic upper secondary school.
- 3.5 The location and the suitability of the buildings of the former Minchenden School, is considered to provide the most appropriate opportunity for a new upper secondary school to serve the whole Borough, and one which also will provide a safe and secure environment for vulnerable pupils. A report to Cabinet on 19th October 2016 under KD4293 titled Upper Secondary Autistic Provision (USAP) set out the need to provide a 120 place school.
- 3.6 It was recognised from the outset that the former mansion building and the southern part of the Minchenden site would not be required as part of USAP, and the October 2016 Cabinet report advised that a further report would be prepared concerning the disposal of Southgate House and any part of the Minchenden site which was not required for USAP purposes.
- 3.7 Southgate House is a Grade II* listed building dating from 1780 comprising basement, ground floor and two upper floors. It has evolved over time with educational use through the last century, including purpose built additions to provide an assembly hall to the south of the main house. This hall, which later became a gym and also served as additional classrooms, was completed in 1925 to the designs of Middlesex County Council Architects' Department.
- 3.8 The main building is approximately 16,920 sqft (1572sqm) and the former caretaker's house / gate house is a three bedroom detached house built around 1960 and totalling 925 sqft (86sqm). The total site area for disposal is circa 1.5 acres
- 3.9 Given the special architectural and historic interest of the property, Historic England, and the Council's Heritage officers have been involved in reviewing the overall proposals for the Minchenden site, and have raised specific concerns about the current condition of Southgate House.

- 3.10 The building has been vacant for a considerable period, and is in a poor and deteriorating condition. After taking over responsibility for the building from the College, essential remedial works have been carried out to ensure that the building is watertight, stable and secure. There has been unauthorised access in the past and damage has been caused. As the building is vacant, it is particularly vulnerable to squatting and vandalism, and consequently there has been substantial expenditure on security measures since the site was acquired in 2016.
- 3.11 The nature of the building and its grounds, the protected status and the associated planning constraints severely limit any development potential. Conversion of the building for other uses is the most likely outcome, but, for example, the conversion to residential apartments would result in a small number of different sized units which would have to bear high maintenance and management costs. There is potential to redevelop the relatively modern gate house by the High Street entrance (on the same footprint), but additional development within the grounds will not be supported by the LPA and / or Historic England.
- 3.12 A further constraint is that any new use for the building needs to take account of the proximity to the USAP, the nature of that facility and the security implications. Whilst the shared access from High Street will result in some compromises, the relatively light and regulated USAP traffic flows are not considered to impact on any separate future use of Southgate House and the former caretaker's house.
- 3.13 The Council's Strategic Property Services is in advanced discussions with a potential purchaser that would secure the house for educational purposes, however if the Council are unsuccessful in securing this partner, then the property will be put to the wider market in the new year.

4. PROPOSAL

Southgate House (the original mansion building) together with part of the former grounds, and the caretaker's house are to be advertised for sale by informal tender. Potential purchasers have access to a 'data room' of detailed reports and surveys and other due diligence material.

5. ALTERNATIVE OPTIONS CONSIDERED

Retention of the property would incur an increasing and substantial maintenance and management liability, and significant ongoing security and protection costs. The Council do not require the building for its own purposes or occupation and the disposal could achieve a worthwhile contribution to assist Council finances.

6. REASONS FOR RECOMMENDATIONS

Potential disposal of the property is recommended as being in the Council's best financial interests, and to reduce current 'holding' costs.

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

7.1 Financial Implications

- 7.1.1 The offers will be evaluated to determine whether the disposal offers value for money.
- 7.1.2 The proceeds from disposals will be one off and used to fund the existing capital or transformation programmes. The alternative method for funding the programme would be to borrow and the current cost of borrowing is estimated at 7.5% pa including interest and MRP.
- 7.1.3 Eligible costs associated with disposals can be offset against the receipt up to a maximum of 4% of the sale price for each disposal. The expenditure will be closely monitored to ensure that all appropriate costs are offset against the capital receipts.

7.2 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 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 Acting Assistant Director of Finance, Resources and Customer Services (Legal Services).

7.3 Property Implications

- 7.3.1 The Assistant Director of Strategic Property Services will confirm that the proposed terms of individual sales comply with statutory duties and the Council's Property Procedure Rules.
- 7.3.2 The Council will have to maintain, secure and preserve in the interim until a purchaser has been found.

8. KEY RISKS

- 8.1 The risk of a property disposal 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.

9. IMPACT ON COUNCIL PRIORITIES

9.1 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.

9.2 Growth and Sustainability

Residential redevelopment may be appropriate, which will increase the housing stock, and the conversion of Southgate House for residential reuse could create a development of unique and special homes. The disposal of the Southgate House property for other uses could attract inward investment and funding and boost local economic activity.

9.3 Strong Communities

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

10. EQUALITIES IMPACT ASSESSMENT

Equality Impact Assessments will be conducted on individual properties where appropriate and considered in the Delegated Authority Reports that authorise the terms of disposal.

11. PERFORMANCE MANAGEMENT IMPLICATIONS

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

12. PUBLIC HEALTH IMPLICATIONS

Public Health Implications are considered in the Delegated Authority that authorises the terms of disposal of individual properties.

13. HEALTH AND SAFETY IMPLICATIONS

Health and Safety Implications are considered in the evaluation of properties and will be reported in the Delegated Authority Reports that authorise the terms of disposal of individual property.

Background Papers

None