

London Borough of Enfield

Portfolio Report:

Report of: Mark Bradbury

Subject: Disposal of Former William Preye Centre, Houndsfield Road, Edmonton N9

Cabinet Member: Cllr Mary Maguire

Executive Director: Sarah Cary

Ward: Edmonton Green

Key Decision: 5120

Purpose of Report

1. The former William Preye Centre, formerly used as a day care facility, has been declared surplus to the operational requirements of the former occupying service.
2. Strategic Property Services have therefore been commissioned to dispose of the asset and achieve “best value”.
3. The property has been marketed for sale by the Council’s property consultants, Avison Young.
4. This report provides details of the marketing process. The Part 2 report details the offers received on a conditional and unconditional basis, matrix of offers and analysis of bids received, together with summary and recommendations.

Proposals

5. It is recommended that the Council proceeds with an unconditional offer from Bidder A in accordance with the Heads of Terms appended in the confidential appendix.
6. That the Head of Strategic Property Services has delegated authority to authorise non-material changes to the terms and/or the contract and otherwise in accordance with achieving “Best Consideration” within the meaning defined in S.123 of the Local Government Act 1972.

Reason for Proposals

7. The former William Preye Centre was no longer required for operational purposes and therefore identified as surplus and released for sale to reduce the Council's borrowing requirements/contribute towards the Council's Capital Programme.

Relevance to the Council's Corporate Plan

8. The re-use of the former William Preye Centre will deliver a much-needed significant capital receipt to the Council and thereby helping generally to fund Council services which contribute to a strong and healthy community.

Background

9. Avison Young (AY) were instructed to market the former William Preye Centre ("the property") for sale by way of an informal tender process, seeking conditional and unconditional offers for the freehold interest. Both due diligence and technical information were made available to interested parties via the AY website. The property was launched with a quarter page colour advert in the Estates Gazette in late 2019.
10. AY also undertook an e-marketing campaign targeting active developers, investors and agents in London and the South East. This included all AY contacts acquired from previous marketing campaigns for LB Enfield, as well as the marketing campaign for Southgate House.
11. During the marketing campaign AY received interest from a range of parties considering a variety of land uses, such as education, religious, residential, and extra care. Most interest was from a mixture of D1 users (education/religious) seeking to benefit from the building's existing planning use, or from the residential development sector.
12. A two-stage bidding process was implemented with initial bids sought on a conditional and unconditional basis, and a subsequent "Best and Final Offer" stage. This was to enable bidders to clarify the terms of their offer and potentially increase their initial offer and to include the provision of additional non-financial information in support of their bid.

Summary and Recommendation

13. Following best bid submissions, the highest unconditional offer submitted was from Bidder A.
14. Bidder A offered the most competitive timescales, proposing to exchange 4 weeks from receipt of the legal pack, with completion 4-6 weeks thereafter. In comparison, Bidder B proposed completion 6-8 weeks from receipt of the legal pack. For reference, Bidder C, who offered second highest bid value, are proposing 3 months to exchange with 3 months to complete thereafter.
15. All bidders provided best bids that were subject to either a valuation or building survey.

16. All bidders propose to retain the existing D1 use and provide community services for their respective communities. All bidders provided supporting documentation as to their intended use and organisations details.
17. All the bidders confirmed they would adopt the proposed turning clause, however none of the bidders offered planning or revenue overage.
18. Bidder A provided a bank statement displaying sufficient funds to be a “cash purchaser”, whereas the offers from Bidders B and C require majority funding by a mortgage facility, which would be subject to a valuation and structural survey.
19. One risk associated with Bidder A’s offer is that it is subject to approval from their Board of Trustees, whereas the other two bids already have full Board approval.
20. Given the level of financial offer, sufficient proof of funds accounting for the full purchase price, not being subject to mortgage or valuation, and committing to competitive timescales, officers consider that the unconditional offer from Bidder A represents best consideration to LB Enfield, and therefore selection as the preferred purchaser.
21. A financial analysis matrix has also been completed at Appendix 2 to the Part 2 report.
22. This matrix evaluates both financial and social value metrics in order to arrive at the best overall result for the Council taking into account the Council’s Corporate Plan objectives 2020-2022.

Safeguarding Implications

23. Physical separation works from the adjoining building leased to the Age Concern charity as a centre for vulnerable elderly adults is nearing completion. The property sale will not be concluded until these essential works have been completed.

Public Health Implications

24. Disposal of this building will contribute to reducing the Council's running costs and contribute capital which will contribute to financial balance. It is useful to note that the procurement process included scoring for community use which will help to maintain community resilience.

Equalities Impact of the Proposal

25. Corporate advice has been sought regarding equalities and an agreement has been reached that an equalities impact assessment is neither relevant nor proportionate for the approval of this report. A screening template has been completed.

Environmental and Climate Change Considerations

26.

Consideration	Impact of Proposals
Adaptation and resilience	This proposal does not deal with matters which directly impact on climate change adaptation and resilience.
Energy consumption	The proposal will lead to the sale of an asset which currently uses energy so there will be a reduction in energy usage, although this will be partly offset by staff requiring alternative accommodation. Therefore, overall the impact is likely to be neutral at worst.
Carbon emissions and offsets	Delivery of the proposal should not in itself lead to any increase in emissions and no offsets are proposed. There could be impacts if the site is subsequently redeveloped although these would be dealt with through the planning and building control processes.
Environmental	Delivery of the proposal has no identified direct environmental impacts.
Procurement	No additional procurement of goods or services is proposed.

Risks that may arise if the proposed decision and related work is not taken

27. If the Council do not undertake regular reviews of its property holdings and dispose of surplus property then there are ongoing risks in relation to security, and increased revenue costs from reactive and planned maintenance associated with void property. In addition, there is the risk of a loss of interest on the capital receipt and less funding available for the Council's Capital Programme for other projects, whilst the capital receipt remains outstanding. This carries a risk of increased borrowing.

Risks that may arise if the proposed decision is taken and actions that will be taken to manage these risks

28. There is a risk that the sale will not complete due to the buyer failing to proceed with the purchase. This risk is managed by undertaking due diligence on the buyer prior to seeking authority to dispose and ensuring that provisional Heads of Terms are agreed.

Financial Implications

29. The planned disposals will generate a capital receipt for the Council. The capital receipt will be available to fund the Council's Capital programme, thereby reducing the need to borrow. The Government has also granted additional flexibilities on the use of capital receipts

The greater flexibility was introduced in 2016/17. It allows Local Authorities to invest capital receipts in revenue projects of a transformational nature that will deliver ongoing savings. This flexibility exists until 2021/22.

The Capital receipts flexibility efficiency statement included in the current approved Medium-Term Financial Plan (KD5076) lists projects with a total value of £2.405m, that will be funded from Capital receipts in 2020/21.

Legal Implications

30. The Council has a duty pursuant to s123 Local Government Act 1972 to dispose of property for best consideration reasonably obtainable. 31. The property has been marketed by way of an informal tender process seeking offers for the freehold interest and Avison Young have also undertaken an e- marketing campaign.
31. The highest bid submitted was from Seventh-Day Adventist Association Limited. It has been recommended that this bid should be accepted.
32. The contract for sale, transfer deed and overage deed will be in a form approved by the Director of Law and Governance.
33. The recommendations contained within this report are within the Council's powers and duties.
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Workforce Implications

37. There are no workforce implications

Property Implications

38. These are contained throughout this report.

Other Implications

39. None.

Options Considered

40. Do Nothing. This is not an option as the property is vacant and the fabric and exterior of the building is deteriorating. In addition, the Council is incurring significant "holding costs" in terms of security and outgoings.
41. Disposal. This will generate a much-needed capital receipt and reduce borrowings/contribute towards reserves and/or the Council's Capital Programme.

Conclusions

42. It is in the Council's best interests for financial, property and legal reasons, and for the wider community, to benefit from this building being brought back into beneficial use.

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Appendices

See confidential appendices.

Background Papers

Avison Young full analysis of offers report