Report

Cabinet Member for Assets and Resources

Part 1

Date: 21 March 2022

Subject **Disposal of Cambridge House, 1 Stow Park Avenue, Newport**

Purpose To seek approval from the Cabinet Member for Assets to dispose of the freehold of the subject premises.

Author Property Manager

Ward Stow Hill

Summary The premises were used for many years as a children's home. The provision of that service has altered and the premises is no longer required operationally. The Council's Corporate Strategy and Asset Management Group has considered the future use of the premises and recommends that it should be offered for purchase to RSLs to provide much needed supported accommodation, or failing that a sale at market value, to be sold by way of public auction.

Proposal **That the premises be declared surplus and sold as a freehold disposal, on terms recommended by Newport Norse and agreed by the Head of Law and Standards.**

Action by Acting Head of Regeneration, Investment and Housing

Timetable Immediate

This report was prepared after consultation with:

- Head of Children's Services
- Head of Finance – Chief Finance Officer
- Head of Law and Standards – Monitoring Officer
- Head of People and Business Change
- Housing Manager
- Associate Valuation and Estates Management, Newport Norse
- Corporate and Strategic Asset Management Group

Signed

Background

Cambridge House (CH) is a children's home in the Stow Hill area of the City. It is shown hatched on the plan attached to this report and comprises approximately 0.5 acres. NCC owns the building freehold.

There has been a children's home at CH for over 30 years. As a children's home, CH is a very large building which is out of kilter with current best practice in children's residential care. The building layout is challenging to manage for children who have experienced trauma and present with behaviours that require specialist care. The building is in poor condition physically and for continued safe use requires extensive capital spend. Being situated in the middle of the City poses extensive challenges because of the risks of children being exploited and criminally targeted. CH is no longer considered suitable as a property to provide safe care and a decision was taken to close the facility on 17 May 2021.

The premises have been considered by the Council's Corporate Strategy and Asset Management Group and it was confirmed that there is no operational requirement for the premises. It was decided therefore, to recommend that the premises be declared surplus to requirements and sold.

It is recognised that the building could be suitable for the provision of supported accommodation to help meet the current housing need. It is therefore proposed that in the first instance, the authority invites expressions of interest from our Registered Social Landlord (RSL) partners to purchase the property at the open market value. The successful RSL would be eligible for Social Housing Grant to support the refurbishment of the property to provide supported accommodation. At the end of August 2021, 355 households were being accommodated by the council's homelessness team, a number of whom are single people who would benefit from supported housing. The development of additional supported housing bedspaces in Cambridge House would also create vacant bedspaces in current units of temporary accommodation, for which there is also a waiting list. The number of bedspaces and the client group of the incoming residents will be finalised with the successful RSL. Housing Support Grant will be utilised to ensure that appropriate support is provided for residents.

Sale of the premises offers the best long-term solution for this property. Should there be no suitable interest from RSLs or the sale price not be reflective of the market value, the property will be referred for sale in a public auction. Overage provisions will be included in any sale contract should there be any additional development within the curtilage of the property.

Financial Summary (Capital and Revenue)

The transaction would generate a capital receipt to the Council and remove any responsibility for maintenance and security costs in respect of the buildings, which was a previous MTRP proposal. An independent valuation has been obtained to ensure that market value is confirmed but has not been disclosed in this report as it is considered commercially sensitive.

The sale will generate a capital receipt for the Council to afford/finance future capital expenditure and projects**.**

There is also an annual revenue budget for Cambridge House. This was £85,000 in current financial year.

This will be removed as agreed in the 21/22 MTRP, leaving no budget for Cambridge House next year (22/23).

Risks

Risk	Impact of Risk if it occurs* (H/M/L)	Probability of risk occurring (H/M/L)	What is the Council doing or what has it done to avoid the risk or reduce its effect	Who is responsible for dealing with the risk?
Failure to dispose of the asset will result in no capital receipt for the Council and ongoing maintenance/security costs	L	L	Property would be put to public auction where there is confidence that the property would be sold.	NCC and Newport Norse

* Taking account of proposed mitigation measures

Links to Council Policies and Priorities

The project delivers against the “Thriving City” and “Aspirational People” themes of the Corporate Plan 2017-2022.

Additionally, the project contributes to the Council’s wellbeing objectives, namely: to promote economic growth and regeneration whilst protecting the environment and to build cohesive and sustainable communities. Proceeding with this action would not adversely affect the other objectives.

Options Available and considered

1. Declare the property surplus and dispose of the freehold title to an RSL to earn a capital receipt and assist with the provision of supported accommodation.

2. Declare the property surplus and dispose of the freehold title by means of public auction.

3. Take no action and do not dispose of the premises and continue to hold it vacant.

Preferred Option and Why

1) Declare the property surplus and dispose of the freehold title to an RSL to earn a capital receipt and assist with the provision of supported accommodation within the city. Should we not achieve offers at market value, the premises could be disposed of by way of public auction. This will generate a capital receipt and avoid future revenue costs.

Comments of Chief Financial Officer

The land being sold is subject to an independent valuation to ensure that expressions of interest from registered social landlords are consistent with “best value” general consents disposal.

It is equally not unusual for that price to be excluded from any disposal report where there is potential for the asset to be disposed of by auction instead. This mitigates the potential for that receipt to be fettered to the level quoted in the report.

However an additional report is advocated should the sale proceed at less than market valuation.

The capital receipt can only be used to fund new capital expenditure or to repay debt and will therefore increase the Council’s capital resources for future use.

Comments of Monitoring Officer

The proposed action is in accordance with the Council's powers to re-appropriate and dispose of surplus property in accordance with sections 122 and 123 of the Local Government Act 1972. If Cambridge House is no longer required for any operational service delivery purposes, then it can be re-appropriated from social services to general corporate asset management use, declared surplus to the Council's requirements and disposed of. The Council has a statutory duty under section 123 of the 1972 Act to sell land at best value and secure the best price reasonably obtainable for the property. However, Welsh Government have issued a General Disposal Consent which permits property assets to be sold at less than market value if there are wider social benefits. Therefore, the Council can have regard to the wider social benefits of securing the use of the property by an RSL for supported housing accommodation, even if this would have an impact on the purchase price. If the property was to be sold for general commercial use or redevelopment, then an open tender or auction sale would ensure that best value was achieved, although some form of overage provision would need to be included in the transfer agreement to secure a share of any future development profit for the Council. If the property is to be transferred to an RSL with a requirement that it should be used for supported living accommodation, then consideration should be given to disposing of the property on a long leasehold rather than freehold basis. That would enable the required use to be secured by way of a restrictive covenant within the lease. A restrictive covenant of this nature could not be reserved in any outright freehold disposal as the land use would have a social benefit as opposed to any benefit for Council retained land. The disposal of this surplus asset, whether on a freehold or long leasehold basis, would secure a capital receipt for the Council and avoid future maintenance liabilities.

Comments of Head of People and Business Change

From an HR perspective there are no staffing implications.

A Fairness and Equality Impact Assessment has been completed which fully considers the Wellbeing of Future Generation (Wales) Act, Equality Act 2010, Socio-economic Duty and the Welsh Language (Wales) Measure 2011. As stated in the report disposing of this property will enable it to be brought back in to use potentially with well-being benefits for the community.

Scrutiny Committees

None

Fairness and Equality Impact Assessment:

- **Wellbeing of Future Generation (Wales) Act**
- **Equality Act 2010**
- **Socio-economic Duty**
- **Welsh Language (Wales) Measure 2011**

The council has a number of legislative responsibilities to assess the impact of any strategic decision, proposal or policy on people that may experience disadvantage or inequality. A FEIA has been undertaken and is summarised below:

Engagement

Officer have engaged with our developing Registered Social Landlord (RSL) partners in their capacity as the potential purchasers of the property.

Future residents of Cambridge House would be fully involved with the move; would benefit from living in the Stow Hill ward, and would shape their support package.

Dependent upon discussions with the successful RSL about the development of the building, planning permission may be required. Any statutory requirements to consult with the local community will be adhered to as part of that process.

Impacts on people who share protected characteristics

As the proposal is intended to increase the supply of move-on accommodation, it is envisaged that this will benefit households in temporary accommodation. 'Compatibility' of future residents will be part of the lettings process to ensure that the individuals are both suited to the accommodation and are compatible with other residents.

Any re-design of the layout of Cambridge House will consider the provision of aids, adaptations, or any other features to accommodate a person with a physical or sensory disability.

Due to the physical size constraints of Cambridge House, it is not envisaged that any of the bedspaces will be suitable for two person households, or those who are due to give birth, although this will be considered as part of the redevelopment proposals.

Depending on the proposed re-design of Cambridge House, it might be necessary to designate lettings to a single sex (eg if bathrooms are shared). This will help mitigate the risks associated with multi-gender accommodation.

Prospective residents of Cambridge House will be able to correspond in Welsh, if required when accessing housing and support.

As the prospective residents of Cambridge House will be those who are accommodated by the authority in temporary accommodation, it is assumed that they may be at a socio-economic disadvantage because of their inability to access market housing. Appropriate housing, with support has the potential to have a positive impact on a person's socio-economic status.

The sustainable development principle

Temporary accommodation can be unsuitable for a person's long-term needs and may affect their health and wellbeing. Having a safe, secure and appropriate home makes it easier for people to access employment and education.

When the occupants leave Cambridge House, vacant bedspaces will be re-allocated to other households who are in temporary accommodation, adding social value and ensuring that the accommodation is available in perpetuity.

The council does not have its own housing stock and therefore works with partners such as RSLs to facilitate the development of additional housing to meet the needs of those who are living in temporary accommodation. Disposing of the property to an RSL to provide accommodation to meet a specific need is considered a more sustainable and socially responsible use of the property compared to a private individual which may result in a profit led development. Developing an existing property is considered to be making the best use of a council asset and is a sustainable way of providing additional units of move-on accommodation.

Crime and Disorder Act 1998

Section 17(1) of the Crime and Disorder Act 1998 imposes a duty on the Local Authority to exercise its various functions with due regard to the likely effect of the exercise of those functions on, and the need to do all that it reasonably can to prevent, crime and disorder in its area. The use of the property for residential purposes will not affect the Council's duty in this regard.

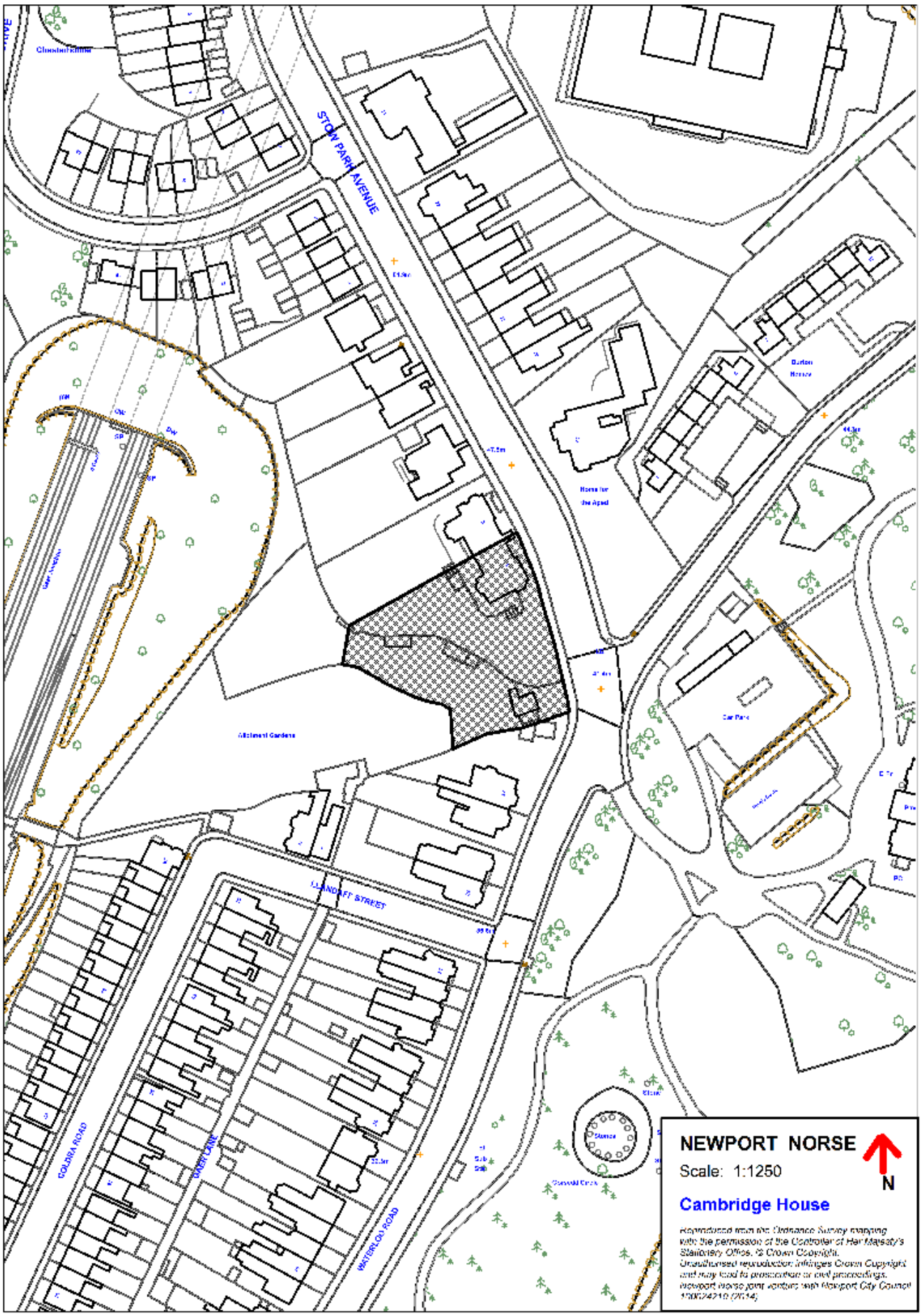
Consultation

Ward Members have been notified of the proposed disposal. Cllr Kate Thomas was pleased to note that there was a plan for the disposal of the building.

Background Papers

None

Dated: 21 March 2022


STOW PARK AVENUE
Allotment Gardens
Car Park
Home for the Aged
Burton House
LLANDAFF STREET
COLDRA ROAD
WATERLOO ROAD
Stone
Cornwall Circle
NEWPORT NORSE
Scale: 1:1250
N
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