

HERTFORDSHIRE COUNTY COUNCIL

**CABINET
FRIDAY 22 MARCH 2002 AT 2.00 P.M.**

Agenda Item No.

18

**PROPERTY DISPOSALS ARISING FROM LEARNING DISABILITY
ACCOMMODATION STRATEGY**

Report of the Corporate Director (People and Property)

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1.0 Purpose of Report

To seek approval for the sale of Roe Hill House, Hatfield, Spring House, Welwyn Garden City, Lintons, Hoddesdon and the site of 8-10 Lord Street, Hoddesdon and to re-invest the proceeds of sale into replacement accommodation for adults with learning disability.

2.0 Summary

It is proposed to dispose of a number of properties currently used to provide accommodation for adults with learning disability and to re-invest the capital receipt back into the re-provision of accommodation for this client group. This proposal is the implementation of part of a Development Plan and Property Strategy forming an important element of the Council's Learning Disability Accommodation Strategy.

3.0 Conclusion

It is the most efficient use of these specific property assets to dispose of the properties and re-invest the capital receipts generated as self financing capital schemes, into the re-provision of accommodation most suited to the current care model for the specific needs of the client group and in more appropriate geographic locations.

4.0 Background

At their meetings on 19 November 2001, the Cabinet and the former Executive Committee approved a revision of the Accommodation Strategy for Adults with Learning Disability.

The key elements of that strategy relevant to the use of property are:

- The County Council should plan on the basis of continuing to provide up to 40 places of learning disability accommodation each year in line with demographic needs
- A Property Strategy designed to provide residential care in small domestic size units where appropriate, to replace or remodel larger more institutional buildings including those unable to meet registration standards and to maximise resources by working with other organisations on the basis that the County Council does not need to own property provided that appropriate mechanisms are in place to secure client placements.
- A Development Plan underpinned by partnership working with Housing Associations and Housing Authorities, the recycling of current assets used for the service by way of providing land for the replacement provision and capital from the sale of surplus assets.

Copies of the Property Strategy and Development Plan, which form part of the Accommodation Strategy, are attached as appendices to this report.

5.0 Development Proposals

- 5.1 The development proposals comprise a series of moves involving the procurement of accommodation from a number of sources in order to place clients in appropriate accommodation and locations most suited to their needs. These are outlined in the Development Plan, which also indicates where the funding sources are to be found where County Council capital is needed.
- 5.2 The table attached as Appendix 1 summarises the position in respect of property disposals.
- 5.3 Where the proposal is to develop with a housing association partner the intention is to either sell the freehold of the land, or grant a long lease to the partner who will be able to part fund the scheme with its own grant or private finance and the County Council contributing the balance from the sale of the surplus land for residential development.
- 5.4 The County Council will have the benefit of a “back to back” nominations agreements in order to secure client placements.
- 5.5 The disposal arrangements will contain mechanisms to audit the development costs and to return any balance of capital receipt in excess of agreed contributions towards construction costs, back to the County Council.
- 5.6 A similar procedure has been successfully piloted in respect of the redevelopment of The Orchards Hostel at Letchworth and construction is scheduled to start on site in June.

6.1 Financial Implications

The property disposals can be placed into three categories: -

1. Land on which it is intended to develop replacement facilities at Roe Hill House, Hatfield and at Lintons and Lord Street, Hoddesdon. The estimated value of this land is some £1.115m.
 2. Land forming part of the existing service property which will be sold to help fund the reprovided accommodation on the adjoining land, having a total estimated value of £0.995m, at Roe Hill House and Lintons.
 3. Property which will be surplus once alternative accommodation is available and will provide capital for re-investment in the re-provision elsewhere. This is Spring House which will produce an estimated capital receipt of £0.8m.
- 6.2 At this very early stage the development schemes are only indicative and therefore estimated procurement costs are relatively crude. The County Council works in partnership with District Councils as local housing authorities and normally uses a partner housing association with whom the local District Council works. It is the intention to go through a competitive process to choose preferred development partners. At that stage the preferred partners will be expected to invest in detailed feasibility work in order to agree project costs. That would be the time to reconsult Members in order to obtain final approval to investment before a firm commitment is made.

Appendix 1 sets out the estimated capital receipt for each property.

7.0 Self Financing Aspects

7.1 The former Policy Committee criteria for self-financing schemes are:

“committees may bid to the Policy Committee for self-financing schemes funded from the disposal receipt and within the asset replacement capital control regime if:

- the proposed scheme is estimated to be robustly self-financing
- change cannot be achieved within a Committee guideline
- there is a real impediment to beneficial release of resources
- the cash flow effect can be accommodated within capital control limits as they effect the whole Council, and
- disposal receipts revert to the “pool” if external funding is achieved later.

7.2 The development proposals fall within these guidelines and the third criteria – “there is a real impediment to beneficial release of resources” is particularly applicable in these circumstances where the current accommodation is inappropriate to deliver the current care model. None of the land and buildings is surplus to requirements without the accommodation being replaced and the Adult Care Services capital programme has been constructed

on the basis of these capital receipts being recycled back to this area of service.

8.0 Statutory Powers to Transact

The disposals will be made in accordance with the general powers of sale vested in the County Council by virtue of the provisions of S.123 of the Local Government Act 1972

9.0 VAT

The disposals will be exempt from VAT and the VAT incurred by HCC on the costs of making the supply will need to be included in the Council's S.33 Refund Calculation.

Background Papers

Executive Committee Report – Agenda Item 3 on Learning Disability Accommodation Strategy 19 November 2001

Property Disposals – Learning Disability Accommodation Strategy

ADDRESS	DESCRIPTION	TENURE	DISPOSAL OPTION	ESTIMATED CAPITAL RECEIPT
Roe Hill House, Hatfield	A two storey early Victorian substantial house converted to hostel use with a site area of approx. 0.9 acres	Freehold	Redevelop with a housing association partner on half of the site a ten bedded scheme to registration standard and sell the other half of the site for housing to provide the County Council's capital contribution.	£950K for the whole of the site with the cash value of the surplus land being £425K.
Spring House, Welwyn Garden City	A 1970s purpose built hostel on a site having an area of approx. 0.68 acres	Freehold	Sell the freehold on the basis of residential redevelopment when replacement accommodation has been provided in accordance with the Development Plan.	£800K to be returned to fund the development programme.
Lintons, Hoddesdon	A 1970s purpose built hostel on a site area of approx. 1.1 acres	Freehold	Redevelop with a partner housing association a twelve bedded scheme to registration standard and dispose of the surplus land for residential development to provide the County Council's capital contribution to the scheme.	£1.17K for the whole of the site with the cash value of the surplus land being £570K
Site of 8-10 Lord Street	A cleared site having an area of some 0.14 acres with outline planning permission for four two bedroomed flats.	Freehold	Develop with a partner housing association a twelve place scheme using this site together with adjoining land, which would be procured by the partner.	The foregone capital receipt is £90K

