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**Meeting:** EXECUTIVE

**Date:** 15 May 2012

**Subject:** Disposal of Russell House and Clevedon, Dunstable Street, Ampthill, and Downing View, 1-3 Loring Road, Dunstable

**Report of:** Cllr Maurice Jones, Executive Member for Corporate Resources

**Summary:** The report proposes to seek consent to dispose of the above properties, previously used by Bedfordshire County Council. Russell House was used for offices, Clevedon was used as a children's care home and Downing View a care home.

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**Advising Officer:** Alan Fleming, Project Director

**Contact Officer:** Ananda Hale

**Public/Exempt:** Public

**Wards Affected:** Ampthill and Dunstable

**Function of:** Executive

**Key Decision** Yes

**Reason for urgency/  
exemption from call-in  
(if appropriate)** N/A

## **CORPORATE IMPLICATIONS**

### **Council Priorities:**

- Supporting and caring for an ageing population by potentially creating additional care places
- Managing growth effectively by potentially bringing the buildings back to use for the community and creating additional housing

The objectives being sought are:

- To provide a capital receipt for the Council.
- To reduce revenue expenditure on vacant property overheads including security, rates, and maintenance.
- To dispose of surplus properties that no longer meet the needs of the organisation and there is no alternative use for the property within the Council.

**Financial:**

1. The properties are currently on the disposal list with a value of:
  - Russell House and Clevedon - £1.5m
  - Downing View - £260k
2. Soft market testing has been carried out with the properties being widely marketed on a national and regional basis through an external selling agent which has generated good interest.
3. The properties are vacant and expenditure includes on site security, rates, electricity and maintenance including emergency repairs due to attempted break-ins. These on going costs are approximately £133,820 p.a. which will be saved once the properties are sold.

**Legal:**

4. Legal Services have prepared a suitable contract to provide for a percentage return to the Council should it be sold on within five years of disposal (50% of 'profit' as defined in the contract in first 3 years, 30% in last two) to ensure that the Council receives a share of any uplift in market values without development.

**Risk Management:**

5. If the disposals do not proceed, the following risks have been identified:
  - a. non delivery of Corporate Asset Management Strategy (CAMS) and Disposal Strategy;
  - b. failure to realise capital receipts;
  - c. failure to secure revenue savings associated with maintaining the properties; and
  - d. risks associated with leaving the properties vacant - this is being managed by boarding up the premises and providing security guards. The secluded nature of the site means that it attracts unwanted interest from unauthorised parties and is a potential Health and Safety risk. Once the property is sold the risk will be terminated.

**Staffing (including Trades Unions):**

6. Not applicable.

**Equalities/Human Rights:**

7. Public authorities have a statutory duty to promote equality of opportunity, eliminate unlawful discrimination, harassment and victimisation and foster good relations in respect of nine protected characteristics; age disability, gender re-assignment, marriage and civil partnership, pregnancy and maternity, race, religion or belief, sex and sexual orientation. Selling unused properties and bringing them back into local housing use will help increase the availability of local housing and so should have a positive impact for all sections of the community.

**Public Health:**

8. Not applicable.

**Community Safety:**

9. The Council has a duty to consider community safety in all of the functions that it exercises. Whilst the actual disposal of the properties has no immediate community safety issues, the Council must ensure that it meets its statutory duties by ensuring that the site remains secure and appropriate interventions are put in place to ensure that the site is not used for criminal or anti social behaviour.

**Sustainability:**

10. Selling the properties will, with refurbishment and redevelopment, bring them back to use for the community and provide additional housing. S106 agreement and infrastructure requirements will be negotiated by the planning team.

**Procurement:**

11. Not applicable.

**Overview and Scrutiny:**

12. This matter has not been considered by Overview and Scrutiny.

**RECOMMENDATIONS:****The Executive is asked to:**

1. **approve that the Council disposes of the properties offering the properties to the market on a formal tender basis;**
2. **that delegated powers be given to Project Director, Business Services and the Deputy Leader and Executive Member for Corporate Resources to accept the best offers following close of formal tender provided those offers are in excess of the current disposal plan valuations; and**
3. **that a turn clause be included in the contract as a condition of sale.**

*Reason for Recommendations: To dispose of surplus properties to provide a capital receipt for the Council and to remove the overheads being incurred while the property remains vacant.*

**Executive Summary**

13. Russell House and Clevedon in Amptill and Downing View in Dunstable have been identified for disposal as part of the CAMS. Consent is therefore sought to dispose of these properties at the best bids with a five year turn clause in the contract. This will reduce property overheads and enable a redundant site to be redeveloped for housing for the local area whilst generating a capital receipt for the Council. Soft market testing has identified interest in these properties.

## **Background**

14. This report is submitted to Executive because paragraph 4.5.19 of the Scheme of Delegation limits disposal of land and buildings to £500,000 and Clause 4.5.28 allows land on the disposal list to be sold subject to approval of Executive and the relevant Executive Member and Ward Members.
15. The Corporate Property Assets Disposal Protocol was adopted as Central Bedfordshire Council's approach to this part of the management of its assets by Executive on 13 July 2010.
16. Subsequently the CAMS 2012-16 was submitted and approved by Executive on 14 February 2012. The Strategy highlighted the Council's approach to the management of its assets and set out the key objectives for our assets together with key objectives for effectively managing and developing the portfolio. One of the key strategic objectives was the delivery of cost effective and efficient acquisition, disposal and management of land and property to meet safe service delivery and investment needs.

## **Russell House and Clevedon, Dunstable Street, Ampthill**

17. The property shown on the attached plan (Appendix A) was previously for office/administration purposes (Russell House) and a children's care home (Clevedon) until becoming surplus to requirements because of age, obsolescence and condition. The site was marketed for sale in 2007 but due to the downturn in the economy offers were withdrawn. The disposal was put on hold pending a decision on whether the property was suitable for the new Unitary body to use for its own requirements and subsequently identified as a property for disposal under the CAMS.
18. The property remains a drain on overheads in terms of security, rates, and maintenance and has been earmarked for disposal in the CAMS to provide a capital receipt for the Council.
19. Soft market testing has demonstrated good interest in the properties and we are seeking Executive approval to dispose of the property and proceed to formal tender stage.
20. The Russell House and Clevedon site was originally on the disposal list with a target value of £2m, this has been revised to a target value of £1.5m to reflect the current economic climate.
21. Formal tender bids will be invited to ensure that only serious bidders make an offer and all bidders will be required to submit a 10% deposit with their bid and once a bid is accepted by the Council, will have to complete the purchase within four weeks. This will enable the Council to complete the disposal without the potential of prolonged legal negotiations although the Council is not obliged to accept any bid.

22. The sale will be subject to a turn clause which will enable the Council to receive a percentage of any uplift in value should market conditions improve and the site be sold by a purchaser without being developed any time within a five year period from completion of purchase.
23. The Planning Officer has indicated that there would be no objection in principle for residential development subject to retention of the main Victorian building and detailed design to meet the local planning constraints.
24. The properties are vacant and expenditure includes on site security, rates, electricity and maintenance including emergency repairs due to attempted break-ins. These on going costs of approximately £71,400k p.a. will be saved once the properties are sold.

### **Downing View, 1-3 Loring Road, Dunstable, LU6 1DZ**

25. The property shown on the attached plan (Appendix B) was previously used as a care home through Aldwyck Housing Association until becoming surplus to requirements because of age, obsolescence and condition.
26. The property remains a drain on overheads in terms of security, rates, and maintenance and has been earmarked for disposal to provide a capital receipt for the Council.
27. The property was originally on the disposal list with a target value of £500k, this has been revised to a target value of £260k to reflect the current economic climate.
28. The property has been widely marketed on a national and regional basis through an external selling agent.
29. Bids will be invited on a formal tender basis to ensure that only serious bidders make an offer and all bidders will be required to submit a 10% deposit with their bid and once a bid is accepted by the Council, will have to complete the purchase within four weeks. This will enable the Council to complete the disposal without the potential of prolonged legal negotiations although the Council is not obliged to accept any bid.
30. The sale will be subject to a turn clause which will enable the Council to receive a percentage of any uplift in value should market conditions improve and the site be sold by a purchaser without being developed any time within a five year period from completion of purchase.
31. The Planning Officer has indicated that there would be no objection in principle for residential development subject to a detailed design to meet the local planning constraints.
32. The property is vacant and expenditure includes on site security, rates, electricity and maintenance including emergency repairs due to attempted break-ins. These on going costs in the region of approximately £62,420k p.a. will be saved once the property is sold.

**Appendices:**

Appendix A – Russell House and Clevedon Plan

Appendix B – Downing View Plan

**Background Papers:** (open to public inspection)