

WIRRAL COUNCIL

CABINET

21 JUNE 2012

SUBJECT:	DISPOSAL OF VARIOUS PROPERTIES TO REGISTERED PROVIDERS
WARD/S AFFECTED:	ALL
REPORT OF:	DIRECTOR OF LAW, HR AND ASSET MANAGEMENT
RESPONSIBLE PORTFOLIO HOLDER:	CORPORATE RESOURCES
KEY DECISION?	YES

1.0 EXECUTIVE SUMMARY

- 1.1 This report seeks authority to dispose of a number of assets to Registered Providers (formerly known as Registered Social Landlords) to secure the delivery of affordable housing.
- 1.2 The report also identifies the need for the review of the existing disposals policy to cover such disposals in the future. It is proposed that a draft policy is brought to a future meeting of Cabinet as part of the review of the Council's corporate Asset Management Plan and associated policies.

2.0 BACKGROUND AND KEY ISSUES

- 2.1 The Council's current disposal policy sets out a process to identify and dispose of surplus assets. It is underpinned by a presumption that the Council will only retain assets that are required for service delivery, redevelopment or regeneration, or otherwise to deliver the Council's strategic objectives.
- 2.2 If an asset is deemed surplus to the Council's requirements it is then considered whether the asset is required by a partner organisation or by the wider community, before it is offered on the open market.
- 2.3 Registered Providers are regarded as partner organisations, with which the Council is working to deliver its corporate plan priority to provide new and affordable homes.
- 2.4 As a result of service change and modernisation a number of Council assets have been vacated and are no longer required for the delivery of Council services.
- 2.5 Wirral's Housing Strategy Statement 2011-2016 and the Council's Corporate Plan 2011-2014 highlight the key requirements for Wirral to make the best use of existing stock and provide new and affordable homes. When the Housing Strategy Statement was initially produced, key aspirational targets to deliver 200 homes by March 2013 and 150 per annum thereafter up to 2014/15, were set as part of the Strategic Housing Plan. These targets are currently in the process of being reviewed to ensure they clearly reflect the impact changes such as welfare reform have had on people, since the

Housing Strategy was produced. It is expected these targets will be increased in order to support the delivery of an increased programme of affordable homes in Wirral which reflects the changing needs of the borough.

- 2.6 The Government in the launch of its recent strategy 'Laying the Foundations – A Housing Strategy for England' estimates that 40% of land suitable for development is held by the public sector. It stresses the importance of bringing public sector land use to provide capacity to deliver its ambitions for up to 10,000 new homes over a four year period, which could also support construction and related jobs.
- 2.7 The Government's expectations around the provision of new affordable homes are driven by the Homes and Communities Agency (HCA). The HCA Affordable Homes Programme Prospectus states that "Publicly owned land is a valuable resource and providers should work in partnership with public sector landowners to deliver affordable housing". The government encourages local authorities to consider the contribution that they can make to bringing forward housing supply and meeting local needs and priorities through the use of their own land holdings. There is a high expectation that providers carrying out developments on land owned by the public sector should aim to minimise other forms of subsidy such as the HCA funding. As part of the process for delivering affordable homes, Registered Providers must demonstrate value for money. In this regard they undergo a competitive process to secure funding.
- 2.8 All the above coupled with Wirral's Strategic Housing Land Availability Assessment (SHLAA) and National Planning Policy Framework (NPPF) which requires an immediately available housing land supply of six years, places an increased pressure on Wirral to use its land assets to support the delivery of new and affordable homes.
- 2.9 Discussions have been taking place with a number of Registered Providers who are active on Wirral and/or who have identified funding to enable them to bring forward early developments to deliver new affordable housing provision. In some cases by dealing quickly with sites Wirral may be able to 'capture' available development funding that may otherwise be lost to other areas.
- 2.10 Attached at Appendix A is a list of sites which have been identified as surplus to the Council's requirements and which have been identified as being of interest to Registered Providers.
- 2.11 The Council's Housing Strategy Manager has confirmed that these sites are in areas of the Borough with identified housing needs. Preliminary discussions have been held on each site with a suitable Registered Provider partner (identified in Appendix A) for the development of the site. These Registered Providers have been identified from a preferred list based on the Council's current selection criteria established by the Head of Housing Strategy.
- 2.12 The Registered Providers have in each case undertaken preliminary investigations and have confirmed their interest in developing the site and their capacity to do so.
- 2.13 In summary, all appropriate Registered Providers who are active in the area have been approached to determine who has capacity in their HCA Affordable Housing programme 2011-15 to deliver affordable housing on these sites. The housing requirement on each site has been determined by the Council's analysis of need. Those Registered Providers with capacity in their programme to deliver the required development have

been matched with appropriate sites by the Head of Housing Strategy using consistent selection criteria. Finally, because of the quality and value for money criteria that are applied to the Registered Providers (who are not for profit organisations) by the HCA the Council can be satisfied that its desired development will be delivered to a consistent standard irrespective of which Registered Provider is selected to develop the site. In all the circumstances the Council can therefore be satisfied that the sites have been appropriately exposed to the provider market and disposal as proposed in this report will achieve value for money.

- 2.14 It is therefore recommended that the sites listed in Appendix A be disposed of to the identified Registered Provider in each case, and that authority be granted to the Director of Law, HR and Asset Management to negotiate and agree in consultation with the Portfolio member for Corporate Resources detailed terms for each disposal. This will enable rapid progress to be made in delivering new affordable housing in areas of need.
- 2.15 As identified earlier in this report, the Homes and Communities Agency (HCA) expects Registered Providers to work in partnership with public sector organisations to deliver affordable housing and, where land is in public sector ownership, to minimise other forms of subsidy in the development such as HCA funding.
- 2.16 In line with current practice the Head of Housing Strategy and the Head of Asset Management will undertake a financial appraisal of the proposed development at each site using financial information provided on an 'open book' basis by the Registered Provider. This will enable the Council to be satisfied that the scheme offers value for money and that any payment agreed for the land is the maximum that can be sustained by the scheme whilst maintaining its viability.
- 2.17 It is likely that – having regard to the nature of the proposed developments and the available funding streams - most of the disposals now recommended will be at less than market value.
- 2.18 Members will be aware of the Council's obligation to obtain the best price reasonably obtainable on the sale of its land and property. However, the General Consent, allows the Council to dispose of land at an undervalue to Registered Social Landlords by imposing conditions as to its use.
- 2.19 Further opportunities will arise over the next few years, with some additional properties to those listed in this report already vacated, and other opportunities expected to become available as service modernisation and the rationalisation of the asset base continues.
- 2.20 To support the Council's disposal programme a need to review current arrangements has been identified, with the aim of putting in place a robust and publicly available policy which offers a consistent framework both for the future disposal of surplus assets and for decisions as to the use of assets to support the delivery of wider corporate objectives (including the delivery of affordable housing).
- 2.21 Such a review has started, and it is intended to bring a draft policy to a future meeting of Cabinet for approval as part of a wider review of corporate asset management arrangements. In the meantime the disposals now recommended will help 'kick start' the provision of a significant number of affordable housing units on Wirral in areas of housing need.

3.0 RELEVANT RISKS

- 3.1 There is a risk that the preferred Registered Provider will not be able to proceed. If this is the case it is suggested that to minimise the loss of momentum and delay in delivering new development the Director of Law, HR and Asset Management be authorised to negotiate terms with the next preferred Registered Provider as nominated by the Head of Housing Strategy.
- 3.2 There is a risk that no Registered Provider is able to come up with a workable and deliverable scheme for one or more of the sites. At that point the potential for alternative uses of the site would be reviewed, but it is expected that all of these sites could be disposed of on the open market and achieve a capital receipt.
- 3.3 There is a risk of challenge to the list of preferred Registered Providers from organisations that have not been offered one of these sites. This risk is considered to be low. Preferred Registered Providers have been selected by the Head of Housing Strategy on the basis of the Council's knowledge of the different providers, their capacity to deliver development and the availability of development funding. There is a continuing relationship and active dialogue with Registered Providers and the selection of the preferred partner organisation for each site is considered fair and reasonable.

4.0 OTHER OPTIONS CONSIDERED

- 4.1 Disposal of the sites on the open market. This option has been rejected because development of these sites for affordable housing is consistent with the Council's current disposal policy for assets and will help deliver a key Council priority.
- 4.2 Offer the sites to Registered Providers in competition. This option has been rejected because the recommended Registered Providers have been selected for each site having regard to their appetite for and capacity to deliver development and their ability to access funding for these sites at the present time. They are considered the most appropriate developer in each case, and in the opinion of the Head of Housing Strategy there would be no advantage to the Council in staging such a competition but there would be further delay in bringing forward development.

5.0 CONSULTATION

- 5.1 All Council departments have been consulted to ensure there are no alternative service requirements for the vacated properties. In addition, departments have been consulted via the corporate Asset Review Board on the interest of Registered Providers in these assets and the emerging need for a review of existing policies.
- 5.2 The Head of Housing Strategy has consulted Registered Providers (without any commitment) to determine interest in the various sites, their development potential and the ability of the different organisations to deliver affordable housing on the sites.

6.0 IMPLICATIONS FOR VOLUNTARY, COMMUNITY AND FAITH GROUPS

- 6.1 None

7.0 RESOURCE IMPLICATIONS: FINANCIAL; IT; STAFFING; AND ASSETS

Financial

- 7.1 Disposal of these assets on the basis proposed will relieve the Council of the continuing revenue costs of their ownership and management (for example non-domestic rates, repair and maintenance, security, utility costs etc.)
- 7.2 Subject to the agreement of terms and a financial appraisal in each case there is also the prospect of a receipt payable to the Council.

IT

- 7.3 There are no IT implications

Staffing

- 7.4 There are no staffing implications

Assets

- 7.5 Disposal of these assets on the basis recommended is consistent with the Council's strategy of using its assets to support the delivery of corporate objectives. It will also relieve the Council of responsibility for assets that are surplus to its requirements.

8.0 LEGAL IMPLICATIONS

- 8.1 Appropriate legal documentation will be required in each case for the disposals.

9.0 EQUALITIES IMPLICATIONS

- 9.1 Has the potential impact of your proposal(s) been reviewed with regard to equality?

(b) No because there is no relevance to equality.

10.0 CARBON REDUCTION IMPLICATIONS

- 10.1 Disposal of these assets will reduce the Council's CO2 emissions and will contribute to the delivery of the Carbon Budget.

11.0 PLANNING AND COMMUNITY SAFETY IMPLICATIONS

- 11.1 Planning permission will be required in each case for the proposed developments.
- 11.2 All of the sites identified fall within Primarily Residential Areas designated in the Wirral Unitary Development Plan (saved by Direction of the Secretary of State in September 2007).
- 11.3 While the sites at Pensall House, Pensby and Stavordale Road, Moreton fall outside the Regeneration Priority Areas identified in the Council's Interim Planning Policy for New Housing Development, development to meet a local need for affordable housing would be acceptable in principle.

12.0 RECOMMENDATIONS

That

- 12.1 The assets identified in Appendix A to this report be declared surplus to the Council's requirements
- 12.2 Those assets be disposed of to the registered provider identified in each case in Appendix A and the Director of Law, HR & Asset Management be instructed to negotiate detailed terms for each disposal
- 12.3 Authority be delegated to the Director of Law, HR and Asset Management in consultation with the Cabinet Member for Corporate Resources to agree the finally negotiated terms in each case
- 12.4 In the event that the preferred Registered Provider for any of the sites is unable to proceed with its acquisition within a reasonable time officers be authorised to negotiate terms with the next preferred Registered Provider as nominated by the Head of Housing Strategy.

13.0 REASONS FOR RECOMMENDATIONS

- 13.1 To support the delivery of affordable housing in areas of need across the Borough.

REPORT AUTHOR: **Ian Brand**
Head of Asset Management
telephone: (0151) 666 3880
email: ianbrand@wirral.gov.uk

APPENDICES

Appendix A – List of sites and recommended Registered Providers

REFERENCE MATERIAL

None

SUBJECT HISTORY (last 3 years)

Council Meeting	Date