

Executive – 8 April 2010

**DISPOSAL OF TWO PROPERTIES – 17 EBRINGTON STREET, KINGSBRIDGE AND THE FORMER TELEPHONE EXCHANGE AT THURLESTONE AND AMENDMENT TO FINANCIAL INSTRUCTIONS AND THE SCHEME OF DELEGATION**

**Report of Head of Property Services**

**Statutory Powers:** Local Government Act 1972

**Financial Implications:** The Council will forsake a potential capital receipt in the region of £150,000 on the transfer of the Former Telephone Exchange, Thurlestone and receive a capital receipt on the disposal of the Old Malthouse, 17 Ebrington Street, Kingsbridge. Revenue savings will be made by negating the Council's repair and management liabilities for both these properties.

**Purpose**

- (1) To seek approval for the disposal of one property on the open market and transfer a parcel of land to South Devon Rural Housing Association.
- (2) That in future minor property transactions need not be the subject of a report to Executive by changing the delegated Authority afforded to the Head of Property Services.

**Recommendations**

**That the Executive RESOLVES that:**

- (1) **the Former Telephone Exchange, Thurlestone is declared surplus to requirements and transferred to South Devon Rural Housing Association on terms to be negotiated by the Head of Property Services; and**
- (2) **that the Old Malthouse, 17 Ebrington Street, Kingsbridge is declared surplus to requirements and sold on the open market on terms to be negotiated by the Head of Property Services; and**
- (3) **that the Monitoring Officer be requested to include in the forthcoming review of the Scheme of Delegation to Officers provision for minor property transactions to be delegated to the Head of Property Services; and**
- (4) **that the Head of Property Services be given interim delegated authority, in consultation with the Leader, as set out in this report**

## **Background / The Issues**

1. The former telephone exchange at Thurlestone was one of the five sites that South Hams Housing, now Tor Homes, held an option at the time of Large Scale Voluntary Transfer of the Council's Housing Stock in March 1999. The option expired in 2005 and since then the Council has explored several opportunities to deliver an affordable housing scheme at this site.
2. The Old Malthouse, 17 Ebrington Street, Kingsbridge was previously used as small business units available on flexible terms. However, due to the deteriorating condition of the premises combined with poor facilities and lack of demand for such accommodation, the use came to an end in 2005. The property has remained vacant during this period following several attempts to encourage partnering Registered Social Landlords to bring the property back into use for affordable housing purposes. Unfortunately, due to the condition and limited curtilage to the property it has not proved viable to develop an affordable housing scheme.

## **The Current Proposals**

3. That the former telephone exchange at Thurlestone is declared surplus to requirements and transferred to the South Devon Rural Housing Association (SDRHA) for £1. SDHRA will covenant to deliver 3 to 4 units under the South Hams Sub Market Rent Initiative (SHIRE) within 18 months of transfer otherwise the Council will be able to purchase the site back for £1 under a pre-emption clause. In the event that the site is used for open market dwellings the Council will seek payment under an overage arrangement of 95% of any uplift in value.
4. Due to the need for extensive refurbishment, the Old Malthouse will be offered to the market for sale seeking either unconditional formal tenders or conditional informal offers. This will enable interested parties to either seek planning permission prior to formal transfer of the property without risk or make an outright offer to purchase the property.

## **Scheme of Delegation**

5. The current Scheme of Delegation and Financial Instructions allows the Head of Property Services, subject to conditions, to affect disposals of land and buildings up to a value of £50,000 without the need to seek further approval from Executive. This means that minor transactions are not delayed and do not overload the Executive's agenda
6. There is not a similar delegation of authority for the acquisition of land and buildings. Such transactions often occur where there are negotiated land swaps to mutual benefit or where corrections have to be made where there are discrepancies between registered titles and the actual location of boundaries. At present such minor items have to be referred to Executive for approval either directly or via an exemption request.
7. It is proposed that the Financial Instructions be amended as follows:

6.7.8 The acquisition of any land and buildings of a value in excess of £50,000 requires the approval of Executive and shall be made within the context of the Council's Asset Management Plan.

6.8.2 The Chief Executive, in conjunction with the Head of Financial Services and the Head of Property Services and in consultation with the Leader, may agree to the acquisition or disposal, by sale or lease, of small areas of land whose market value does not exceed £50,000, where such acquisition or disposal does not prejudice the Council's existing land holding or any future development proposals or future ongoing liabilities. It is further proposed that when the Scheme of Delegation is reviewed by the Monitoring Officer later this year, the delegation to the Head of Property Services be amended to read:

8. It is further proposed that the Scheme of Delegation to the Head of Property Services be amended to:

K. 2. k. In conjunction with the Head of Finance to be able to effect minor freehold disposals of land not required for operational purposes and minor freehold acquisitions of land required for operational purposes in either case up to £25,000 in money or money's worth from or to the owners of adjacent or nearby property or Statutory Undertakers where there are no future ongoing liabilities.

9. It is proposed that interim delegation be given to the Head of Property Services in consultation with the Leader to implement the minor acquisition of land at Woolwell from Plymouth City Council to allow improvements to the access and parking arrangements at Woolwell Community Centre.

### **Financial Implications**

10. If the land at Thurlestone had the benefit of a planning consent for a small development of say 3 units the site value would be in the region of £210,000 - £230,000 dependant on site specific conditions, building specification and S106 requirements. In this instance, the Affordable Housing contribution alone would be in the region of £74,000 and would therefore reduce an open market bid for the site to a figure in the region of £150,000.
11. However, there is an expectation on Local Authorities to make land and assets available for affordable housing opportunities which indirectly imposes an obligation to either provide land at 'nil' value, provide a monetary grant or a combination of both. In this instance, under the provisions of the existing SHIRE scheme, the Council will also provide a repayable equity investment of £10,000 per unit. Without the combination of the land subsidy and equity loan the project would not be viable and would not proceed.
12. Should the Council seek to secure a capital receipt, this would directly increase the overall scheme costs which in turn would make this scheme undeliverable.
13. The Affordable Housing Team is currently in discussion with SDRHA to deliver this scheme at Code for Sustainable Homes (CSH) Level 5, which could be one of the first affordable CSH Level 5 schemes in the country. Any additional funding to achieve this aspirational code level would require a separate report to the Executive under the Affordable Housing Capital Programme to detail the specific requirements.

14. The Council will receive an open market capital receipt upon the sale of the Old Malthouse.

### Other Implications

15. None

### Risk Assessment.

The following are the risks and opportunities identified:

Opportunity	Issues / Obstacles	Benefits
The proposed disposal of the former telephone exchange provides an opportunity to support a local affordable housing initiative to provide intermediate sub-market rented properties in areas of high need.	If Executive resolves that the land should not be disposed to South Devon Rural Housing Association, then the land could potentially be sold on the open market and the opportunity to use a Council asset in support of a CP1 initiative would be lost.	The proposal provides a timely opportunity to support an affordable housing initiative for local people and contributes to the Council's corporate priority (CP1).
The proposed disposal of the Old Malthouse will provide a capital receipt.	If the property is not sold the Council will remain liable for the costs of repair, maintenance, management costs and business rates/Council Tax.	The capital receipt could be recycled into the provision of new or refurbishment of existing employment provision provided by the Council to support the Council's corporate priority (CP2).
Improves efficiencies in the approval process.	Scheme of Delegation currently slows the process for minor property transactions.	Allows more responsive actions on minor estate management issues. Reduces burden on resources and Executive Committee agenda.

### Conclusion

16. It is considered to be of financial and management benefit for the Council to dispose of these surplus assets.

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Estates & Development Manager

Executive  
8 April 2010

James Stubbs  
Head of Property Services

### Background Documents:

Executive Report - South Hams Sub Market Rent Initiative



SHIRE Report



Former Telephone  
Exchange Site, Thurleigh



The Old Malthouse



Land at Woolwell