

Key Decision Required:	Yes	In the Forward Plan:	Yes
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CABINET

18 DECEMBER 2020

JOINT REPORT OF THE PORTFOLIO HOLDER FOR CORPORATE FINANCE & GOVERNANCE AND THE PORTFOLIO HOLDER FOR HOUSING

A.8 FREEHOLD SALE OF A RESIDENTIAL PROPERTY

(Report prepared by Matthew Wicks)

PART 1 – KEY INFORMATION

PURPOSE OF THE REPORT

To seek approval from Cabinet to agree the revised terms for the freehold sale of a five bedroom residential property in Harwich requiring substantial structural and maintenance work.

EXECUTIVE SUMMARY

In December 2019 Cabinet made the decision to dispose of a five bedroom residential property in Harwich requiring substantial structural repairs and maintenance work.

Following a structural engineers report on the condition of the property, commissioned by the prospective purchaser, a revised selling price has been negotiated reflecting the structural repairs identified as necessary. The revised terms are set out in the Part B report.

The funds from the sale of the property will be reinvested with the purchase of a traditional ex-Council in Harwich / Dovercourt.

RECOMMENDATION(S)

That Cabinet authorises, in principle, the revised terms for the freehold sale of the property and also authorises, in principle, the Corporate Director for Operations and Delivery to enter in to a contract and transfer deed to complete the sale of the property, subject to the Cabinet's decision to be taken later in the meeting (following the exclusion of the press and public) in respect of the related Part B report.

PART 2 – IMPLICATIONS OF THE DECISION

DELIVERING PRIORITIES

Our priorities include providing decent affordable housing and to ensure all our residents live in high quality housing which meets local needs.

To manage public money effectively meaning value for money principles are embedded in the delivery of all our services.

Regenerating the District and improving deprived areas.

A capital receipt to the Housing Revenue Account offers potential to contribute to the investment in acquiring an additional, more suitable property in the Harwich area.

FINANCE, OTHER RESOURCES AND RISK

Finance and other resources

The house is currently vacant and has not been let since the last tenant moved out in April 2019. Due to the nature and age of the house the maintenance and running costs are high and selling the property will avoid the Council having to spend upwards of £50,000 in capital works to solve dampness and structural problems. The use of the receipts could be added to funds already held from Right to Buy and/or S106 receipts and used to bring a more suitable additional dwelling/s into

the Housing Revenue Account that could immediately begin generating a return.

Risk

Officers have not identified any significant risk associated with the proposals.

LEGAL

Section 123(1) Local Government Act 1972 indicates that a local authority may dispose of land held by it in any way it wishes so long as (section 123 (2)) the land is disposed for a consideration not less than the best that can reasonably be obtained.

The General Disposal Consent Order (England) 2003 gives consent for disposal at below best consideration reasonably obtainable provided that the undervalue is less than £2m and the proposal enhances the environmental economic and social wellbeing of the area.

Section 123(2A) Local Government Act 1972 indicates that, a local authority may not dispose of land held by it without advertising its intention to do so in the local press.

In coming to decisions in relation to management of assets, the Council must act in accordance with its statutory duties and responsibilities. Under case law following Section 120 of Local Government Act 1972, the Council is obliged to ensure that the management of its assets are for the benefit of the District.

OTHER IMPLICATIONS

Consideration has been given to the implications of the proposed decision in respect of the following and any significant issues are set out below.

Crime and Disorder / Equality and Diversity / Health Inequalities / Area or Ward affected / Consultation/Public Engagement.

Area or Ward Affected

Harwich & Kingsway

PART 3 – SUPPORTING INFORMATION

BACKGROUND

The property is in need of substantial structural and maintenance work. The design and style of the property is not typical of local authority housing and as such it has always been a difficult property to find tenants for. It has therefore been identified as surplus to requirements.

The property was marketed with a national Estate Agent for a number of weeks and numerous offers were received. All potential purchasers were asked to make best and final offers and the highest bid was accepted and agreed by Cabinet in December 2019. Following an initial basic survey the purchasers' mortgage lender has insisted on a full structural survey. The survey has identified significant structural movement and as such the buyer has reduced his offer. The revised offer does however still fall in the middle of the valuation range for the building.

CURRENT POSITION

The revised offer has been provisionally accepted subject to the decision recommended in this report.

BACKGROUND PAPERS FOR THE DECISION

None

APPENDICES

None