

Slough Borough Council

Report To:	Cabinet
Date:	18 March 2024
Subject:	Disposal of Former Police Station, High Street, Langley, Slough
Lead Member:	Cllr Wal Chahal – Deputy Leader and Cabinet Member for Financial Oversight, Council Assets, Procurement, Revenue & Benefits
Chief Officer:	Pat Hayes - Executive Director Property, Planning & Housing
Contact Officer:	Mark Halligan – Property Director
Ward(s):	<u>Langley Kedermister</u>
Key Decision:	YES
Exempt:	Public with exempt appendix 1 under paragraph 3 of Schedule 12A Local Government Act 1972 – Information relating to the financial or business affairs of the Council
Decision Subject To Call In:	YES
Appendices:	Appendix 1 – Confidential - Avison Young – Asset Disposal Recommendation Report. Appendix 2 – Site Plan

1. Summary and Recommendations

- 1.1 This report relates to a vacant site which has been marketed and seeks approval for disposal under the Council's Asset Disposal Strategy. Given the condition of the market, issues with the site and the nature of the asset, it is proposed to proceed with an expedited sale.
- 1.2 The proposed Asset sale has been subject to a due diligence process and reflects best consideration reasonably obtainable for the disposal of the assets in accordance with section 123 of the Local Government Act 1972. The asset sale falls under The General Consent for the Disposal of Land held for the purposes of Part II of the Housing Act 1985 – 2013.

Recommendations:

Cabinet is recommended to:

- a) Declare the site as surplus to housing requirements.
- b) Agree to the Council sale of the site referred to in Appendix 1 and known as the Former Police Station, High Street Langley to the bidder named in Appendix 1.

- c) Delegate authority to the Executive Director of Property, Planning and Housing, in consultation with the Lead Member for Financial Oversight and Council Assets and the Executive Director of Finance and Commercial, to negotiate the terms of and enter into the contract and any associated documentation in connection with the disposal consistent with the disposal report and Heads of Terms appended at Confidential Appendix 1.

Reason for recommendation:

1.3 The disposal of the Former Police Station High Street Langley is surplus to housing requirements and by disposing of the site, the cost of maintenance of the land will no longer fall to the HRA. Whilst historic decisions were made in relation to developing the site within the HRA for affordable housing, the Council does not have a viable scheme for such development at this time. The proposed asset sale has been subject to due diligence process and reflects best consideration reasonably obtainable for the disposal of the assets in accordance with section 123 of the Local Government Act 1972.

1.4 The disposal of such assets will enable the Council to simplify the property portfolio, enable the Council to focus on its core activities and services and ensure that it is not incurring unnecessary costs on securing vacant sites or incurring costs for clearing sites as a result of fly tipping. By disposing of the site, this will enable it to be redeveloped for the betterment of the local area.

Commissioner Review

The Commissioners are content with the recommendations in this report

2. Report

Introduction

2.1 The disposal of such assets supports the priority of the HRA to be able to provide suitable standards of housing within the Borough and to bring forward better quality housing stock by investing in older, less energy efficient, housing stock currently within the portfolio.

2.3 Given the thorough open marketing exercise (described in the appendix) an independent-valuation was not deemed necessary. A number of bids were received, including conditional and unconditional bids and this provides evidence of a thorough testing of the market. Officers are satisfied that the bid recommended for acceptance represents the best consideration reasonably obtainable.

Options considered

2.4 Option A – To retain the Former Police Station, Slough, to enable redevelopment at some stage in the future, should the financial position of the Council permit. Whilst this would give the Council the opportunity to progress a redevelopment scheme at some point, the continued risk of incurring costs as a result of fly tipping/squatters/vandalism, outweigh any future potential redevelopment. Currently there is no viable housing scheme that the Council can progress. This is not recommended.

2.5 Option B – To dispose of the asset by way of freehold disposal to a developer purchaser. **Recommended.**

2.6 Option C – To defer the sale in the hope that the market will significantly improve. Market commentary suggests that this is unlikely, with continued uncertainty and increasing costs of borrowing. This is not recommended.

2.7 Option B is recommended to Cabinet for approval for the reasons given in the confidential Appendix 1. Sale to a developer purchaser should allow the site to be developed for residential units in the near future, which will bring back into use a site which has been vacant for some time.

Background

2.8 The Council has owned the site from inception of the Borough Council and had proposed to redevelop the site for housing following Thames Valley Police (TVP) vacating the building and demolition of the adjoining garages several years ago.

2.9 Cabinet has received reports and made “in principle” decisions on the site on several occasions since 2014. TVP occupied the building on the site on a long lease, but indicated that it wished to relocate to a smaller facility. Vacation of the site by TVP enabled consideration to be given to development options for the site. In 2015, there was a proposal for development of a community hub on part of the wider site and for development of the Former Police Station into affordable housing for rent. Consultation with tenants commenced in 2016 and in March 2016 Cabinet made an “in principle” decision to appropriate part of the wider site for development of a community hub and retain the Former Police Station and garages within the HRA for development as affordable housing for rent. An application for planning was submitted in November 2020 for conversion of the site to residential accommodation, including a house in multiple occupation for young adults. Approval was granted (ref: P/08979/002) on 22/2/2021.

2.10 Redevelopment of the site was included in the HRA Capital Programme for 2021/22 costed at £5m over two years. However, the current approved HRA 5year Capital programme does not include redevelopment costs for this site.

The Asset

2.11 The site is located on the junction of the High Street and Trelawney Avenue in Slough, with the building on site having previously been used as a Police station. The garages on the adjoining site were demolished and the site was cleared a number of years ago and together with the building has lain vacant since.

2.12 The site extends to approx. 0.55 acres and had previously been earmarked for redevelopment for residential units.

2.13 The site has been marketed on the basis the Council was not in a position to develop the site itself.

Valuation

2.12 Avison Young have provided professional advice on the market conditions and recommended disposal to the bidder named in Appendix 1 for the reasons contained in that appendix.

Marketing

2.13 The asset was marketed, as a development opportunity, with the benefit of a legal pack that included title information. The Asset was formally launched to the market on Thursday 7th February 2023 with a half page, colour advert in the online version of the Estates Gazette (EG) and the physical magazine on Saturday 4th February 2023. The EG is an industry trusted source of real estate intelligence with 16,500 paying subscribers and a readership of approximately 120,000 people.

2.14 Also on the 7th of February 2023 Avison Young (AY) sent out a marketing mailshot detailing the opportunity to over 1,500 developers and investors active in Berkshire, Greater London and South East London with over 812 parties viewing and interacting with the mailshot.

2.15 A marketing brochure was produced and circulated to all parties upon request, as well as individuals and organisations who had previously indicated an interest in properties of a similar nature.

2.16 Following the launch of the site to market AY arranged a viewing day on Friday 23rd February attended by 15 parties.

Bids Received

2.17 The appendix sets out the bids received.

2.18 Bids were received on both a conditional; subject to planning; and unconditional basis, which were predominantly for residential development schemes.

2.19 The preferred bidder is buying the property as a development led opportunity and they will be seeking to explore other; residential led; scheme options for the site.

Summary of Proposed Terms

2.20 Whilst Heads of Terms had previously been agreed, to proceed on an unconditional basis, as legal due diligence was progressed by the purchaser's solicitor a number of issues with claims by third parties over the land became apparent.

2.21 Heads of Terms have now been agreed on a conditional basis; subject to planning and procuring suitable indemnity cover; as set out in Confidential Appendix 1. The Heads of Terms anticipate exchange within 4 weeks of receipt of the legal pack and completion will take place 28 working days from receipt of planning and indemnity cover. The purchaser is to submit the planning application within 3 months of exchange.

3. Implications of the Recommendation

3.1 Financial implications

3.1.1 This site is owned by the HRA so care will need to be taken on the treatment of the capital receipt. All outstanding debt on the site must be redeemed prior to the balance of capital receipts being made available for other uses. The proposal is for disposal of the site for best consideration following its open marketing and independent advice provided by Avison Young. This site is owned by the HRA so the capital receipt will be accounted for in the HRA. Any outstanding debt on the site is to be redeemed from the capital receipt.

3.1.2 A financial assessment has been undertaken for the likely receipt and this is considered as best consideration in the current market. Avison Young have conducted due diligence on the proposed bidder.

3.1.3 The site is at risk of incurring additional costs from being vacant. Failure to sell the property will increase the risk of vandalism, fly tipping and other such costs that have already proven to be an issue, removal of which is an additional cost to the Council. Therefore, disposal of the site will result in an annual revenue savings of costs incurred in securing and maintaining the vacant site.

3.1.4 This is a conditional offer based on planning and procuring suitable indemnity cover. There is a risk that the planning will not be accepted although this is unlikely. This condition also lengthens the time until we can complete and collect full payment for the site.

3.2 Legal implications

3.2.1 The Council is obligated to maintain a Housing Revenue Account (HRA) for all property assets held under s.74 of the Local Government and Housing Act 1989. This includes all houses and other buildings which have been provided under Part 2 of the Housing Act 1985, land which has been acquired or appropriated for the purposes of that Part, other prescribed dwellings and land, houses or buildings which the Secretary of State has directed or consented to being held in the HRA. This is collectively known as Part 2 housing or housing land, but is wider than residential dwellings. For instance, housing estates frequently have shops and other commercial premises within them.

3.2.2 Whilst the Former Police Station and garages have been vacant for some time, previous cabinet reports repeatedly refer to the site being redeveloped for affordable housing and as such the land has been accounted for within the HRA as housing land.

3.2.3 The Council is permitted to dispose of housing land under s.74 of the Housing Act 1985. This provides that the Council may dispose of land held for housing purposes with the consent of the Secretary of State. The Secretary of State has provided several general consents to dispose of land under the General Consent for the Disposal of Land held for the purposes of Part 2 of the Housing Act 1985 – 2013. This includes consent to dispose of land for a consideration equal to its market value and consent to dispose of vacant land.

3.2.4 The Council is obligated to maintain a ring-fenced HRA account for all expenditure and income relating to housing land. This account also extends to any outstanding debt or receipts which arose when a property was so provided and which are still outstanding following its disposal.

3.2.5 Guidance has been issued by the Secretary of State on the Operation of the Housing Revenue Account ring-fence (10 November 2020). This confirms the need to be fair to both tenants and council taxpayers and that there should be a fair and transparent apportionment of costs between the HRA and the General Fund. The guidance highlights that circumstances change over time and estates which have historically been purely or substantially council owned become mixed tenure as properties are purchased. The guidance states that properties may no longer fulfil their original purpose and in those circumstances, the Council should consider their removal from the HRA by appropriating them to a different purpose. Examples of such properties include estate shops and other commercial premises, such as banks, post offices, workshops, public houses, industrial estates and surgeries where these are no longer connected with the Council's housing stock.

3.2.6 A review of historic records has determined that whilst part of the site was historically used as a police station, it remained held within the HRA and on when the whole site became vacant (former police station and garage block), the intention was to develop it as affordable housing. For this reason it appears to have been appropriate to hold it in the HRA. The Council no longer has any plans or funding to redevelop the site as affordable housing and as such the site is surplus to its requirements. As the Council does not have any wider use for the land, there is no benefit in appropriating it to the General Fund. By disposing of the land, the Council can release a site for commercial development, which will bring a long vacant site back into use.

3.3 Risk management implications

3.3.1 The recommendation required from Cabinet, as outlined in this report, is intended to provide much needed capital receipts for the HRA which can then be used to invest into the Council's housing stock. If the recommendations are not approved this will leave the Council being exposed to further ongoing costs as a result of fly tipping, again, and/or squatters – specific risks have been summarised below:

Risk	Summary	Mitigations
Financial	Continued market uncertainty and increasing cost of borrowing will further depress values	Seek to progress the proposed disposal with the bidder named in Appendix 1.
Governance	Failure to obtain best consideration from the disposals could expose the Council to risk of legal challenge.	The Council has employed external property advisors to manage and competitively market the properties, having access to wider markets than officers locally and has obtained up to date valuations for the sites for comparison purposes.
Legal	<p>Failure to ensure legal title/deeds etc which could delay or halt sale.</p> <p>Delay to contract negotiations.</p> <p>Failure to establish that the buyer is a reputable business and that the buyer's funds are from acceptable sources.</p>	<p>Legal title reports obtained for this site.</p> <p>Regular meetings between officers.</p> <p>Due diligence on buyer to assess their business and funding, including anti-money laundering checks.</p>

Governance	Failure to establish robust governance arrangements could expose the Council to risk of impropriety and legal challenge.	The Council has established sound governance arrangements for asset disposals to ensure that the Council achieves best consideration from asset disposals.
Reputational	Ongoing risks of fly-tipping/squatting resulting in complaints from residents.	Regular site inspections and improved site security to ensure issues do not recur.

3.4 Environmental implications

3.4.1 Whilst no environmental implications have been identified as a direct result of this report it should be noted that the site has been the subject of fly tipping, no environmental hazards, and vandalism and attempts by persons unknown to squat on the site.

3.5 Equality implications

3.5.1 The asset is not used for operational or service delivery. There are no identified equality implications with the disposal of this site.

3.6 Procurement implications

3.6.1 There are no procurement implications.

3.7 Workforce implications

3.7.1 No workforce implications have been identified as a direct result of this report.

3.8 Property implications

3.8.1 This disposal will reduce the overall size of the Council's property holdings and so help to ease the management burden.

4. Background Papers

None