

Slough Borough Council

Report To:	Cabinet
Date:	18 March 2024
Subject:	Disposal of Land at Uxbridge Road – Site of Former Rochfords Youth Hostel
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):	Wexham Lea
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, which is at risk of fly tipping and squatters there is some urgency to progress this 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 surplus to housing requirements.
- b) Agree to the Council sale of Land at Uxbridge Road – Site of former Rochfords Youth Hostel as shown on Appendix 2 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 Land at Uxbridge Road will contribute to the Council's Housing stock by generating capital receipts which will benefit the HRA and provide funds to enable the delivery of maintenance and other works to the housing stock. 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 supports the priorities 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.

1.5 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.

1.6 This site was originally identified by the Council with the intention of it being developed to provide housing. This proposal enables that objective to be met as it will be developed by the purchaser.

1.7 This site was approved for disposal and declared as surplus in January 2023 by Cabinet Committee to be disposed. A further approval is now required to proceed with the recommended offer.

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 Land at Uxbridge Road – Site of former Rochfords Youth Hostel, to enable redevelopment at some stage in the future. 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. 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 Council to receive a capital receipt in April 2024, which will enable HRA to invest in its housing stock.

2.8 The Council has owned the site from inception of the Borough Council and had proposed to redevelop the site for housing following the demolition of the Rochfords Youth Hostel, many years ago. It's therefore likely to have been in the Council's ownership since at least 1998.

The Asset

2.9 The site is located on the Uxbridge Road (A412) in Slough, having previously been the former Rochfords youth hostel site. The buildings were demolished, and the site was cleared a number of years ago and has lain vacant since.

2.10 In 2011, as part of a wider review of assets with a view to setting up a local asset backed vehicle for the purpose of management and development of sites, Cabinet reviewed a list of assets. The Rochfords Hostel and Rochfords Youth and Community Centre were marked as a vacant former hostel and community centre. In 2015, a planning application was considered for a development of 20 social housing flats for residents with learning difficulties. It is assumed that the intention was for the Council to self-develop the site, although a brief review of historic capital programme reports does not indicate specific funding being allocated for such a development.

2.11 The site extends to approx. 0.78 acres and had previously benefitted from a resolution to grant consent for 20 housing units across two buildings.

2.12 The Council has no identified funding for development of a housing scheme on the site and in its current condition the site is adding no amenity value to the housing estate.

Valuation

2.13 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

2.14 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.

2.15 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 1,631 parties viewing and interacting with the mailshot.

2.16 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.

2.17 Following the launch of the site to market AY advised all interested parties to view the site from the roadside. This was primarily for H&S reasons as the site is quite overgrown and it had not been a viable option; for financial reasons; to clear the site.

Bids Received

2.18 The appendix sets out the bids received.

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

2.20 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

2.21 Heads of Terms have now been agreed as set out in Confidential Appendix 1. The Heads of Terms anticipated exchange within 6 weeks of receipt of the legal pack and completion will take place 28 days from exchange.

2.22 Matters have become protracted owing to an Asset of Community Value (ACV) application. This application was rejected in 2022 and the applicant purported to appeal the decision. The First Tier Tribunal determined in 2023 that the applicant did not have standing to bring an appeal, as this was reserved to owners of land. Also registration of part of the site, previously having been un-registered, has taken significantly longer than anticipated.

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 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.

3.2 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 site has been vacant for some time, a previous planning application in 2015 indicated an intention for the site to be redeveloped for social housing for tenants with learning difficulties 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 the site has historically been used as a hostel and 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 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 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	Failure to ensure legal title/deeds etc which could delay or halt sale. Delay to contract negotiations. Failure to establish that the buyer is a reputable business and that the buyer's funds are from acceptable sources.	Legal title reports obtained for this site. Regular meetings between officers. Due diligence on buyer to assess their business and funding, including anti-money laundering checks.
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.
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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. By providing much needed capital funds to the HRA will likely have a positive impact on protected groups who are more likely to utilise the services of the Council.

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