

Report to:	Cabinet	Date of Meeting:	Thursday 27 July 2017
Subject:	Disposal of Vine House, Kepler St, Seaforth		
Report of:	Joint report of the Head of Corporate Resources and Head of Regeneration & Housing	Wards Affected:	Linacre;
Portfolio:	Cabinet Member - Regulatory, Compliance and Corporate Services		
Is this a Key Decision:	Yes	Included in Forward Plan:	Yes
Exempt / Confidential Report:	NO, But Appendix 1 and 2 of the Report is NOT FOR PUBLICATION by virtue of Paragraph 3 of Part 1 of Schedule 12A of the Local Government Act 1972. The Public Interest Test has been applied and favours the information being treated as exempt.		

Summary:

To consider the offers received from bidders who wish to purchase the freehold of Vine House, Kepler Street, Seaforth.

In the context of the disposal, to ensure as far as reasonably practicable that the asset is refurbished, completed and taken into use rather than any development stall due to any foreseeable resource restrictions and/or risks that can be identified through the process of disposal.

Recommendation(s):

- (1) That the Authority accepts the offer submitted by Signature Living
- (2) That the Head of Regulation and Compliance and the Head of Corporate Services be authorised to enter into negotiations with Signature Living
- (3) That Cabinet delegate authority to Cabinet Member Regulatory, Compliance and Corporate Services to agree and approve final terms of the disposal of Vine House.

Reasons for the Recommendation(s):

To enable the disposal of Vine House, a property that has been rendered surplus to operational requirements and made available for disposal by the Council and which will further enable the building to be refurbished to a standard fit for residential occupation and therefore brought back into use.

Alternative Options Considered and Rejected: (including any Risk Implications)

The Council could opt to demolish the building. This would potentially be at an estimated cost of between £750,000 to £1m. This would result in the creation of a site suitable for disposal likely to result in the provision of a small number of new build houses.

What will it cost and how will it be financed?

(A) Revenue Costs

There are no direct revenue costs arising from the recommendations in this report. Other costs (mainly staffing) arising from the negotiations required for disposal of the building can be met from existing budgets.

(B) Capital Costs

There are no direct capital costs arising from the recommendations in this report. The Council will receive a capital receipt through the disposal.

Implications of the Proposals:

Resource Implications (Financial, IT, Staffing and Assets): The Council will receive a capital receipt through the disposal of this asset.
Legal Implications: The report includes the Council’s policy on Asset Disposal and the implications of Section 123 of the Local Government Act 1972
Equality Implications: There are no equality implications

Contribution to the Council’s Core Purpose:

Protect the most vulnerable: Not applicable
Facilitate confident and resilient communities: Vine House has been the occasional source of anti-social behaviour, which has had a negative impact on communities. Refurbishment and occupation of the building will make a positive contribution to the neighbourhood.
Commission, broker and provide core services: Not applicable
Place – leadership and influencer: Not applicable
Drivers of change and reform: Not applicable
Facilitate sustainable economic prosperity:

Refurbishment of the building will create local construction employment, and have positive impact on local commercial businesses.
Greater income for social investment: Not applicable
Cleaner Greener A derelict building will be refurbished and brought into use

What consultations have taken place on the proposals and when?

(A) Internal Consultations

The Head of Corporate Resources (FD.4735/17) and Head of Regulation and Compliance (LD.4019/17) have been consulted and any comments have been incorporated into the report.

(B) External Consultations

Not applicable

Implementation Date for the Decision

Following the expiry of the “call-in” period for the Minutes of the Cabinet Meeting

Contact Officer:	Nick Yates & David Street
Telephone Number:	Tel: 0151 934 2767 / 2751
Email Address:	nick.yates@sefton.gov.uk / david.street1@sefton.gov.uk

Appendices:

The following appendices are attached to this report:

Appendix 1 Assessment Summary

Appendix 2 District Valuation Report

(Appendix 1 and 2 of the Report is NOT FOR PUBLICATION by virtue of Paragraph 3 of Part 1 of Schedule 12A of the Local Government Act 1972. The Public Interest Test has been applied and favours the information being treated as exempt.)

Background Papers:

There are no background papers available for inspection.

1. Introduction/Background

1.1 Vine House is a residential high rise building that did not transfer to One Vision Housing as part of the stock transfer from Sefton Council. The building has lain empty since 2003.

1.2 The building was offered for sale by tender some years ago but no appropriate offers were received.

2.0 A History and Brief Overview

- 2.1 (2016) The Council were approached in early 2016 by an investor developer wishing to explore the potential purchase of Vine House. Their intention was to refurbish the asset to provide flats for private rent. Dialogue was maintained, however no exclusivity agreement was signed.
- 2.2 (2017) Another potential purchaser came forward via a London based land and property agent in early 2017. Given that no exclusivity agreement was entered into, the Council confirmed with both investor developers that a formal disposal process would be utilised in order to be fair to each. This has been followed. The recommendation arising is now set out within this Report.

3.0 Offer to Purchase

3.1 The Councils Asset Disposal Policy 2014 states that:

- Local Authorities were given power under the Local Government Act 1972 Section 123 to dispose of land in any manner they wished, the only constraint being that, except in the case of leases for less than seven years, the sale had to be for the best consideration reasonably obtainable. Any other disposal at less than best consideration requires the approval of the Secretary of State.
- Section 123 applies to land held for most local authority functions, but notable exceptions are disposals of land held for housing purposes within the HRA or otherwise let on secure tenancies (governed by the Housing Acts), and for planning purposes (governed by planning legislation). Until recently the 1998 General Disposal Consents enabled disposals at an under value in certain limited circumstances, e.g. disposals to a named charity.
- It is Government policy that Local Authorities should dispose of surplus land wherever possible. Generally it is expected that land should be sold for the best consideration reasonably obtainable. However, the Government recognises that there may be circumstances where an Authority considers it appropriate to dispose of land at an under value. However, when disposing of land at an under value, Authorities must remain aware of the need to fulfil their fiduciary duty in a way which is accountable to local people. Other specific consents/processes may be required for disposal of land held for particular purposes (e.g. charitable land, schools, allotment land or open spaces).
- The General Disposal Consent (England) 2003 provides a general consent removing the requirement for Local Authorities to seek specific approval from the Secretary of State for a wide range of disposals at less than best consideration. Authorities are granted consent in circumstances where the undervalue does not exceed £2 million and where the disposing Authority considers the disposal is likely to contribute to the achievement of the promotion or improvement of the economic, social or environmental well-being of the whole or any part of its area or all or any persons resident or present in its area. It will be for the Council to decide whether any particular disposal meets these criteria or continues to require specific consent under the 1972 Act.

- All disposals need to comply with the European Commission's State aid rules. When disposing of land at less than best consideration, Authorities are providing a subsidy to the owner, developer and/or occupier of the land. Where this occurs, Authorities must ensure that the nature and amount of the subsidy complies with the State aid rules. Failure to do so would render the aid unlawful.

As described above, a process was put in place to invite proposals from both interested investor developers, so that the Council may compare each one.

4.0 Selection Process

4.1 The Council set out its disposal process on the 26th April 2017 and the two organisations that had expressed an interest in the disposal were invited to complete the Form of Disposal by 12 noon on 5th May 2017.

4.2 Details assessed included:

1. Company Details and Standing;
2. The Financial Offer;
3. The ability to deliver a completed development of good quality, which included:
 - a. Ability to finance the initial purchase
 - b. Capacity to complete the purchase, redevelop the property and long term ownership
 - c. Ability to fund the redevelopment
 - d. Ability and capacity to manage the asset whilst in use

Whilst no formal quality and cost weightings have been used, the Council have used a Red, Amber and Green denotation to the responses in order to distinguish between the offers received. This is to ensure that the ability to complete a comprehensive development of the building over and above what could potentially become a stalled housing site. Stalled sites and empty properties are addressed as priority issues within the context of the Housing and Planning Bill 2016.

4.3 Information from each organisation is set out in the attached Appendix 2, the Assessment Summary.

4.4 Supplementary Information has also additionally been requested from the organisations wishing to acquire Vine House, which has also been taken into consideration when assessing the inherent strengths and weaknesses of each offer to purchase.

5 Safety in the Light of Grenfell Tower fire

5.1 The Council is conscious and recognise that there will be serious and significant concerns relating to the disposal and refurbishment of Vine House as a residential property following the Grenfell Tower fire in North London on the 14th June 2017 in which many lives were lost and many more injured as the 24 storey building set alight following a faulty appliance starting the fire.

- 5.2 At the present moment there is limited detail on the proposed external treatments proposed by either party. The Council will require that any detail is approved not only by Building Control but also scrutinised by other fire safety experts, where any concern is raised through the development process.
- 5.3 We would also seek to ensure that there is an Annual Fire Risk Assessment completed which may be requested by the Councils Housing Standards Team and Merseyside Fire & Rescue Service.
- 5.5 Please note that a high rise building is considered as above 6 storeys, Vine House is 15 storeys, Grenfell Tower is 24 storeys in height.

