

Cabinet – 26 April 2017

Broadway North Home

Portfolio: Councillor L Jeavons

Service: Asset Management

Wards: Paddock

Key decision: Yes

Forward plan: No

1.0 Summary

- 1.1 Following budget consultation, elements of the services provided from Broadway North will cease (Savings Proposal 77). Other services based in the building will be relocated to alternative properties.
- 1.2 As a result of these changes, officers have considered the options for the future use of the building.
- 1.3 The purpose of this report is to seek Cabinet's approval to the disposal of the Broadway North Home. It outlines the current position, previous Cabinet decisions and the options available to the Council.

2.0 Recommendations

- 2.1 That Cabinet declares the site, shown edged bold on plan no. EPMS 3549 and extending to 8,267 square metres or thereabouts, surplus to the Council's requirements and approves the disposal of the Council's freehold interest in it on the open market by informal tender.
- 2.2 That Cabinet notes that the property cannot be marketed until the Adult Social Care and Dudley and Walsall Mental Health NHS Trust staff have been relocated and Park Hall Community Association have vacated the building.
- 2.2 That, to facilitate disposal, Cabinet approves the termination of Park Hall Community Association's licence to occupy at an appropriate point prior to sale.
- 2.3 That Cabinet delegates approval of the terms for disposal to the Executive Director for Economy & Environment, in consultation with the Portfolio Holder for Regeneration.

3.0 Report detail

- 3.1 The building is located on Broadway North close to its junction with The Crescent, as shown edged in black on plan reference EPMS3549 (Appendix 1). The ground floor is currently occupied by Adult Social Care staff, Dudley and Walsall Mental Health NHS Trust (NHS Trust) and Park Hall Community Association (CA). The first floor of the building is currently vacant.
- 3.2 The property is currently used by Adult Social Care, in conjunction with the NHS Trust to deliver day services for adults experiencing mental health problems.
- 3.3 A review of options for the property was commenced in late 2014 following the receipt of an unsolicited expression of interest in the property from a consortium of two doctors' practices.
- 3.4 A report on the future of the site was presented to the Regeneration Scrutiny and Performance Panel on 24th November 2014 at which it was resolved to recommend to Cabinet on 17th December 2014 "that Cabinet are requested to consider all options for the site".
- 3.5 At its meeting on 17th December 2014, Cabinet approved consultation with social care users and carers on alternative provision and instructed the Executive Director for Regeneration on consultation with the Portfolio Holder to report to Cabinet on options and the outcome of consultation in March 2015.
- 3.6 Cabinet received a report on the outcome of the consultation listening exercise with staff and service users of the Recovery College at Broadway North at its meeting on 29th April 2015, Social Care and Health Scrutiny and Performance Panel considered the draft Cabinet report at its meeting on 28th April 2015 and requested Cabinet to investigate the proposal to seek to develop a modern health facility on the Broadway North Site and in doing so look to secure partnership funding from either the public or private sector and to ensure that Park Hall CA are included within the new facility to deliver the 'preventative' health agenda. It also requested that Cabinet consider other options that become available as part of a broad options appraisal.
- 3.7 Cabinet resolved that an options appraisal be conducted in respect of the services that are currently being delivered from the site and the future of the site itself, to be subject to further consultation and a report back to Cabinet.
- 3.8 The services currently delivered from the building by Adult Social Care and the NHS Trust include:
- Mental Health Recovery College
 - Mental Health PT Hub
 - Mental Health Employment Services
 - Mental Health BBO
- 3.9 Following budget consultation elements of the services at Broadway North will cease. The Recovery College will close in line with Savings Proposal 77, with officers giving a group of regular users some support to set up their own association in another location. Other services based there such as the recovery site for community alarms will be relocated.

- 3.10 The CA took up occupation within Broadway North in 2012 at nil cost under licence, following the requirement for them to leave Park Hall Primary School. The licence was granted for an initial 6 months to allow both sides to trial the new arrangement and to seek to conclude terms for a longer agreement. However, although terms have been proposed, to date no such agreement has been reached and occupation continues to be on the basis of the original licence.
- 3.11 The CA currently occupies four rooms and has joint use of all other rooms, and it delivers a range of training initiatives including arts and crafts, Information Technology and luncheon clubs. These are attended by people who do not necessarily have mental health problems.
- 3.12 In June 2015, the property was listed as an Asset of Community Value (ACV). The listing requires the Council, as landowner, to advertise a notice of intention to dispose of the property for a period of 6 weeks (the interim moratorium period).
- 3.13 If, during the initial moratorium period there are no expressions of interest from community groups, then the landowner is able to proceed with the marketing and sale of the property.
- 3.14 If, however, during the initial moratorium period an expression of interest is received from a community group, then a full moratorium period of 6 months is triggered, during which period the landowner is unable to sell the property unless to a community group (although there is no onus on the landowner to sell to a community group during this period). At the expiry of the full moratorium period, the landowner is able to proceed with an unrestricted disposal of the property.
- 3.15 The ACV listing does not require a disposal of the property to a community group but does potentially prevent the Council from progressing a disposal for a period of up to 7½ months (ie the initial and full moratorium periods).
- 3.16 In mid 2014, officers received an expression of interest in the site from a consortium of GP surgeries seeking to develop a combined medical centre.
- 3.17 During 2016, an options appraisal was undertaken by external consultants to consider the potential options available for the disposal or redevelopment of the site.
- 3.18 In order to bring the property forward for disposal, the building would need to be declared surplus to the Council's requirements. As detailed in paragraph 3.3 above, officers are working towards the relocation of the current services from the building. Once vacated by Council services, the building will become surplus as there are no other Council requirements for the future use of the building.
- 3.19 To enable a sale with vacant possession, steps would need to be taken to terminate the CA's use of the centre. As has been reported to Cabinet previously, as the CA occupies parts of the building under the terms of the original licence, the Council can determine the licence and require the CA to vacate without any legal obligation to relocate it or pay any compensation.

- 3.20 It is anticipated that the receipt generated from a disposal of the asset would exceed £500,000, and so Cabinet approval is required.
- 3.21 Under section 123 Local Government Act 1972, a Local Authority can dispose of assets in any way it chooses, as long as it is able to demonstrate that the disposal represents best consideration.
- 3.22 There are two potential disposal options available to the Council in this instance:

Sale by Informal Tender

- 3.23 A sale by Informal Tender would satisfy the Council's obligation to achieve Best Consideration by exposing the property to the open market and giving all interested parties the opportunity to bid.

Sale to a named party

- 3.24 Two categories of circumstances where a Council may feel justified in excluding the wider market by transacting with a named party:-
1. Where working with a private landowner creates a site that couldn't be developed in isolation. This approach should be caveated further by saying that simply owning adjoining land that could add value to our site is not necessarily sufficient as it would depend on whether other owners might be able to enhance our value also. If this is the case then it would be prudent to introduce a competitive approach to negotiations with the respective owners for transparency.
 2. Where the land-use that would result can only be achieved by working with a specific party at a specific location.
- 3.25 There are a very limited number of situations where a Council might be considered to have acted reasonably in excluding the market by negotiating property disposals direct with named parties and these are heavily dependent on the circumstances in each case.
- 3.26 In the event that either of the above circumstances is met to allow the Council to consider a sale to a named party, that sale must be conducted on terms that reflect best consideration. This is, in itself problematic as the lack of exposure of the site to the market means that the only way to certify best consideration is through the use of valuation advice which does not preclude a challenge from a party not invited to bid who claims that they would have offered a higher price.
- 3.27 The assessment of best consideration cannot be limited by the use proposed for the site, and should take account of the highest price that could reasonably be achieved for the land.
- 3.28 Once the property is vacant measures will be put in place to ensure that the building is secure during the disposal process.

4.0 Council priorities

- 4.1 Safe, resilient and prospering communities – a sale of the property will bring the site back into beneficial use and bring forward the re-development of the site for beneficial uses.

5.0 Risk management

- 5.1 The property is listed as an ACV. If there is an expression of interest from a community group during the interim moratorium period, the full moratorium period would be triggered. This would delay a disposal by six months while the community organisation prepared and made its bid. The listing of the property as an ACV does not restrict the Council's ability to dispose of the property as it sees fit, except for the implications for the timescales for a development.
- 5.2 The property would be marketed with the benefit of site investigations and a Development Team letter providing advice and guidance on all matters affecting the potential development of the site. The provision of this information will allow prospective purchasers to assess the site fully when preparing their bids.
- 5.4 Any sale agreed for the site would be conditional upon the grant of detailed planning permission for the proposed development, thus removing planning risk from the purchaser's assessment of the site. Furthermore, as sale with the benefit of a planning consent is considered to reduce the risk of the purchaser land banking the site.
- 5.5 Any disposal of the site would be managed by suitably qualified surveyors in the Asset Management service, with support from colleagues in Legal Services.

6.0 Financial implications

- 6.1 Should Cabinet resolve to dispose of the site, a capital receipt would be achieved. Such a receipt could be anticipated in the financial year 2018/19 and would be held on the balance sheet within the Capital Receipts Reserve.
- 6.2 The costs associated with the sale of the property (including site investigations, planning consultation and marketing costs) estimated to be up to £25,000 will be paid from Regeneration and Development uncapitalised reserve. Under the Council's normal terms of sale, the purchaser will pay the Council's reasonable legal and surveyor's costs.
- 6.3 There will be no costs to the Council arising from the relocation of the CA from the building.
- 6.4 There is no rental income from the NHS Trust, as their activities are commissioned by the Council. Accordingly, there will be no revenue pressure as a result of the NHS Trust's vacation of the building.

7.0 Legal implications

- 7.1 Should Cabinet recommend disposal of the site it is likely that it shall be offered for sale by Informal Tender. Any terms agreed will be in accordance with the Council's obligation under S.123 Local Government Act 1972 (as amended) to achieve Best Consideration when disposing of its assets.
- 7.2 In order to dispose of the site with vacant possession, the occupation of the CA would need to be terminated.
- 7.3 As detailed in paragraphs 3.6-3.9, before commencing the disposal process, the Council must follow the procedures required by the ACV listing.
- 7.4 The future redevelopment of the site will be required to be in accordance with the development plans for the borough (The Black Country Core Strategy and Walsall's Unitary Development Plan).

8.0 Property implications

- 8.1 If Cabinet declares the property surplus to the Council's requirements and approves the disposal of the property, officers would recommend that the site is offered for sale by Informal Tender. To enable sale with vacant possession steps would need to be taken to terminate the CA's occupation of the building. Prior to commencing the marketing of the property, the notice of intention to dispose of the ACV would be advertised as required by legislation.
- 8.2 The sale of the property will enable the regeneration of an under-utilised property and will release the Council from maintenance obligations.

9.0 Staffing implications

- 9.1 Officers are working towards the relocation and other impacts of the Adult Social Care and NHS Trust staff from the building.
- 9.2 The sale will be carried out by Surveyors within Asset Management. Legal Services will deal with the appropriate legal documentation.

10.0 Equality implications

- 10.1 The policies of the borough's development plans support future developments in ways that will encourage beneficial impacts.
- 10.2 Disposal of the site on the open market would provide all potential purchasers with the opportunity to acquire the property.

11. Consultation

- 11.1 Consultation has been undertaken with legal services, finance, HRD, planning and building control, housing, strategic regeneration and development and delivery.


Background papers
Plan EPMS3549

Regeneration Scrutiny and Performance Panel 24 November 2014 - A review if options for the future use of Broadway North Resource Centre, Broadway, Walsall MBC

Cabinet Report 17 December 2014 – A review if options for the future use of Broadway North Resource Centre, Broadway, Walsall MBC

Social Care and Health Scrutiny and Performance Panel 28 April 2015 - Outcome of the Pre-Consultation Listening Exercise with Staff and Service Users of the Recovery College at the Broadway North Resource Centre

Cabinet Report 29 April 2015 - Outcome of the Pre-Consultation Listening Exercise with Staff and Service Users of the Recovery College at the Broadway North Resource Centre



Simon Neilson
Executive Director
Economy & Environment

16 April 2017



Councillor L Jeavons
Deputy Leader & Regeneration

16 April 2017



Walsall Council

AREA EDGED RED = 8,267 SQ METRES (OR THEREABOUTS)



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**SITE ADDRESS:
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WALSALL**

**DRAWING NO: EPMS 3549
DATE : 04/10/2011
DRAWN BY : SSP**



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