

## **CABINET MEMBER DELEGATED DECISION 12 MARCH 2020**

**Report title:** Freehold Disposal of 8 Shannon Grove London SW9 8BX

**Wards:** Ferndale

**Portfolio:** Cabinet Member for Finance and Performance: Councillor Andy Wilson

**Report Authorised by:** Fiona McDermott, Strategic Director for Finance and Investment

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### **Report summary**

This report seeks authority for the disposal of 8 Shannon Grove, London SW9 at market value.

### **Finance summary**

The disposal of this asset will generate a capital receipt and contribute towards the Council's financial targets. All disposal costs will be borne out of the capital receipt generated. The property is held within the Housing Revenue Account.

### **Recommendations**

1. To authorise the disposal of 8 Shannon Grove, London SW9 8bx at market value by auction.

### **Reasons for Exemption from disclosure**

The accompanying part II report is exempt from disclosure by virtue of the following Paragraphs of schedule 12A to the Local Government Act 1972:

3. Information relating to the financial or business affairs of a particular person (including the authority holding that information).

## **1. CONTEXT**

1.1 Lambeth Council owns the freehold interest in 8 Shannon Grove, a Victorian street property located in Brixton. Nearby shopping facilities and public transport are situated on Brixton Hill (A23). The property is a few minutes' walk from Brixton Tube Station (Victoria Line).

### **Background**

1.2 This property was a former short-life property which has recently been returned to the Council due to the death of the former occupier. The property was declared surplus to the Council's requirements in 2016/2017.

1.3 The subject property consists of a two-bedroom mid terraced Victorian house over two storeys. The accommodation consists of two reception rooms, kitchen and bathroom on the ground floor and two bedrooms on the first floor.

1.4 The premises are in poor condition and requires considerable modernisation Japanese Knotweed is present in the rear garden. The property is unsuitable for temporary accommodation as it does not meet Lambeth decent home standards in its current physical condition.

1.5 Estimates provided by the Auctioneers are that to refurbish the property would cost in the region of £100,000 (one hundred thousand pounds). In addition, the cost of eradicating the Japanese Knotweed with a 10-year guarantee has been quoted to be in the region of £14,000.

1.6 Shannon Grove is a medium value street where properties that have benefitted from a significant upgrade can command a market value of £750,000 or higher.

## **2. PROPOSAL AND REASONS**

2.1 The Council is proposing to dispose of the freehold interest of the subject property with the benefit of vacant possession.

2.2 The capital receipts generated from this property disposal will contribute towards the Council's capital pipeline and pay for other projects.

2.3 These other projects help deliver the Council's objectives for the borough as mentioned within the 'Future Lambeth' Borough Plan 2016-2021.

### **Rationale for Disposal**

2.4 The subject property requires a significant capital injection, to cover remedial and refurbishment work necessary to bring it up to a reasonable standard. In addition, Japanese knotweed has been identified which is of major concern and the Council has obtained a quotation to eradicate the knotweed along with the insertion of a barrier to stop it spreading outside the demise.

2.5 Short-life property held by the Council is generally not economically viable for the Council to refurbish nor rectify any items of disrepair.

2.6 A sale at auction is seen to be the optimum method of disposal in that it is an expeditious process and would generate a much-needed capital receipt. The market value will be determined at auction as potential bidders will be able to bid competitively.

- 2.7 The property is on the current disposal list due to it being a short-life property. Senior officers within Housing Services have declared that these types of residential properties are not economically viable to use as temporary accommodation due to the huge repair costs.

### **3. FINANCE**

- 3.1 The property has fallen into considerable disrepair and requires considerable capital injection to bring it up to a modernised standard.
- 3.2 The preferred option of disposal at market value would generate capital funds which would contribute towards the capital pipeline.
- 3.3 The property sits within the Housing Revenue Account (HRA).
- 3.4 All costs of disposal would come out of the capital receipts generated.

### **4. LEGAL AND DEMOCRACY**

- 4.1 Section 32 of the Housing Act gives the council the power to dispose of land in any manner it wishes where it is held for the purposes of part 2 of the Act. However, such a disposal cannot be made without obtaining the Secretary of State's consent.
- 4.2 The Secretary of State has issued 'The General Housing Consents 2013: section 32 of the Housing Act 1985'. General Consent A3.1.1 permits the Council to dispose of land for a consideration equal to its market value, subject to the property not being subject to secure, introductory or demoted tenancy. By selling the property by public auction the Council the disposal will be at market value.
- 4.3 This proposed key decision was entered in the Forward Plan on 23 December 2019 and the necessary 28 clear days' notice has been given. In addition, the Council's Constitution requires the report to be published on the website for five clear days before the proposed decision is approved by the Cabinet Member. Any representations received during this period must be considered by the decision-maker before the decision is taken. A further period of five clear days - the call-in period – must then elapse before the decision is enacted. If the decision is called-in during this period, it cannot be enacted until the call-in has been considered and resolved.

### **5. CONSULTATION AND CO-PRODUCTION**

- 5.1 The Assistant Director of Housing has advised that the previous occupier recently passed away thus leaving the property available to sell. It was subsequently determined by Housing that in its current state the property was beyond economic repair as extensive repair works were required making the property unsuitable and unviable for council housing (including both permanent and temporary housing).
- 5.2 Consultation has taken place with ward councillors and the Cabinet member for Finance and Performance. No objections to the disposal of this property have been raised.

### **6. RISK MANAGEMENT**

- 6.1 If the property is held and not sold, then it will continue to deteriorate, and its capital value will decline further.

- 6.2 The risk of this disposal transaction not happening will impact the Council's capital pipeline and subsequently impact funding available for other projects.
- 6.3 There is a further risk that the Council's insurance policy may not financially compensate the Council for the damage caused by the Japanese Knotweed.

## **7. EQUALITIES IMPACT ASSESSMENT**

- 7.1 An EIA is not required for this decision.

## **8. COMMUNITY SAFETY**

- 8.1 The property is in a considerable poor state of repair. The property needs to be disposed of as soon possible since the previous occupier has died otherwise it may be a target for squatters and vandals.

## **9. ORGANISATIONAL IMPLICATIONS**

### **Environmental**

- 9.1 None

### **Staffing and accommodation**

- 9.2 None.

### **Procurement**

- 9.3 None.

### **Health**

- 9.4 None.

## **10. TIMETABLE FOR IMPLEMENTATION**

- 10.1 To be sold by via auction as soon as all consents have been obtained.

## AUDIT TRAIL

### Consultation

Name/Position	Lambeth directorate / department or partner	Date Sent	Date Received	Comments in paragraph:
Councillor Andy Wilson	Cabinet Member for Finance and Performance	16.12.19	17.12.19	5.2
Councillors Jessica Leigh Josh Lindsey Irfan Mohammed	Ward Councillors for Ferndale Ward	5.12.19		5.2
Fiona McDermott, Strategic Director	Finance and Investment	13.12.19	20.12.19	
Christina Thompson, Director of Finance and Property	Finance and Investment	13.12.19	20.12.19	
Nisar Visram, Assistant Director Finance	Finance and Investment	29.11.19	30.11.19	
Greg Carson, Legal Services	Legal and Governance	29.10.19	30.11.19	4.1 – 4.2
David Rose, Democratic Services	Legal and Governance	23.12.19	27.12.19	
Candida Thompson Assistant Director, Housing Needs	Resident Services.	29.10.19	29.12.19	5.1

## REPORT HISTORY

<b>Original discussion with Cabinet Member</b>	7.11.18
<b>Report deadline</b>	N/A
<b>Date final report sent</b>	N/A
<b>Part II Exempt from Disclosure/confidential accompanying report?</b>	No
<b>Key decision report</b>	Yes
<b>Date first appeared on forward plan</b>	23.12.19
<b>Key decision reasons</b>	2. Expenditure, income or savings in excess of £500,000
<b>Background information</b>	<a href="#">Housing Act 1985</a>
<b>Appendices</b>	N/A

**APPROVAL BY CABINET MEMBER OR OFFICER IN ACCORDANCE WITH SCHEME OF DELEGATION**

**I confirm I have consulted Finance, Legal, Democratic Services and the Procurement Board, and taken account of their advice and comments in completing the report for approval:**

**Signature:** \_\_\_\_\_ **Date:** \_\_\_\_\_

**Post:** Rubina Nisar,  
Senior Surveyor

**I confirm I have consulted the relevant Cabinet Members, including the Leader of the Council (if required), and approve the above recommendations:**

**Signature:** \_\_\_\_\_ **Date:** \_\_\_\_\_

**Post:** Councillor Andy Wilson,  
Cabinet Member for Finance and Performance

**Any declarations of interest (or exemptions granted):** Not applicable.

**Any conflicts of interest:** Not applicable.

**Any dispensations:** Not applicable.

