

Cabinet Member Delegated Decision 21 November 2017

Report title: Freehold Disposal of 202 Paulet Road, London SE5 9JF

Wards: Vassall

Portfolio: Deputy Leader (Finance and Resources) Councillor Imogen Walker

Report Authorised by: Jackie Belton: Strategic Director for Corporate Resources

Contact for enquiries: Rubina Nisar, Senior Surveyor, Valuation & Strategic Assets, 0207 926 9433, RNisar@lambeth.gov.uk

Report summary

This report seeks authority to for the disposal of 202 Paulet Road London SE5 9JF at market value within 2017/2018.

Finance summary

The disposal of this asset will generate a significant capital receipt and contribute towards the disposals target for 2017/2018 and the capital pipeline. All disposal costs will be borne out of the capital receipt generated.

Recommendations

To authorise the disposal of 202 Paulet Road at market value by auction.

Reason 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:

Paragraph Three: 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 202 Paulet Road, a Victorian property located halfway between Brixton Road, Camberwell New Road and Coldharbour Lane. The property is close to all amenities and transport links, with Loughborough Junction Railway Station within close proximity.
- 1.2 The property consists of ground, first, second and third floors and is in need of complete modernisation as a result of age and neglect.
- 1.3 The lease currently has less than six months to run which has proved insufficient security to qualify for a loan to fund repairs or for Council grants. The current lessee has agreed to surrender the lease residue which expires in March 2018. A deed of surrender has been agreed by the leaseholder and is in the process of being executed.
- 1.4 In view of 1.3, the leaseholder has accepted an offer for a council flat and will be vacating shortly.

2. Proposal and Reasons

- 2.1 The Council is therefore proposing to dispose of the freehold interest (with vacant possession) of this property.
- 2.2 The property is in significant disrepair and estimated costs by the Council's agents (Lambert Smith Hampton) have estimated that to bring it up to a reasonable state of repair would cost the Council in the region of £200,000. The property would need total refurbishment.
- 2.3 The Council's housing department has assessed the property for housing purposes and is in agreement that it would not be economically viable for the Council to refurbish the property.
- 2.4 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. .
- 2.5 The market value will be determined at auction as potential bidders will enter into a competitive bid decision.
- 2.5 The property was declared surplus to the council's requirements in September 2017 and is on the Council's disposal list.

3. Finance

- 3.1 The existing occupier currently pays a nominal ground rent and has allowed the property to fall into disrepair.
- 3.2 Disposal of this property at market value would contribute towards the Council's capital pipeline for this financial year 2017/2018.

4. Legal and Democracy

- 4.1 Section 32 of the Housing Act 1985 permits the council to dispose of land held under part 2 of that act in any manner it wishes, subject to obtaining consent from the Secretary of State.

- 4.2 The Secretary of State has issued 'The General Consents 2013'. General consent A3.1.1 permits the Council to dispose of land for a consideration equal to its market value, subject to certain exceptions which are not relevant to this disposal.
- 4.3 The council's constitution provides that other than properties which are subject to the right to buy, the authority to dispose of land and property, in accordance with the Disposals Programme as agreed annually by the Cabinet, is delegated to the Head of Valuation and Strategic Property Services.
- 4.4 In the event that the Head of Valuation and Strategic Property Services proposes to dispose of any land or property which is not included in the Disposal Programme (other than those required by statute), prior approval to the disposals must be obtained from the Director of Finance and the relevant Strategic Director responsible for the land or property and the Deputy Leader of the Council (Investment and Partnerships).
- 4.5 Ward Members must be given 5 working days to comment on all reports that relate to the exercise of these delegated powers (other than reports that are considered by Cabinet) and a Schedule of Decisions taken under these powers should be reported to Cabinet as part of the following year's disposal report.
- 4.6 This proposed key decision was entered in the Forward Plan on 13 October 2017 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

The Director of Housing Strategy confirmed that the property was beyond economic repair and not viable for the Council's housing requirements in September 2017.

Consultation with Ward Members has taken place and they were advised that a guide price of **£800-£850,000** would be placed with the reserve being set within this range depending on pre-auction interest levels.

Capital receipts generated would be used to augment the capital programme which includes funding for Somerleyton Road and the Estates Regeneration programme.

6. Risk management

The risk of this transaction not happening will impact the Council's future capital pipeline

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 as the current occupier has vacated and been rehoused otherwise it may be a magnet for squatters and vandals.

9. Organisational implications

9.1 **Environmental**
N/A

9.2 **Staffing and accommodation**
N/A

9.3 **Procurement**
N/A

9.4 **Health**
N/A

10. Timetable for implementation

10.1 To be sold by March 2018.

Audit Trail				
Name/Position	Lambeth directorate/department or partner	Date Sent	Date Received	Comments in para:
Councillor Imogen Walker	Deputy Leader of the Council Finance		10.11.17	
Councillor Jacqui Dyer Councillor Paul Gadsby Councillor Anna Gallop	Ward Councillors	13.10.17	15.10.17	Within para 5
Christina Thompson	Director of Finance	10.10.17	13.10.17	2.5
Jackie Belton Strategic Director	Strategic Director for Corporate Resources/	10.10.17	12.10.17	Within the body of the report.
Hamant Bharadia Assistant Director of Finance	Corporate Resources/Finance & Property Services	28.09.17	28.09.17	3.1 to 3.3
Greg Carson Legal Services	Corporate Resources	26.09.17	26.09.17	4.1 to 4.5
Maria Burton , Democratic Services	Corporate Resources	05.10.17 19.10.17	06.10.17 23.10.17	4

Report History	
Original discussion with Cabinet Member	13.10.2017
Report deadline	N/A
Date final report sent	N/A
Part II Exempt from Disclosure/confidential accompanying report?	Yes
Key decision report	Yes
Date first appeared on forward plan	13.10.17
Key decision reasons	Expenditure, income or savings in excess of £500,000
Background information	Housing Act 1985
Appendices	None

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, Valuation & Strategic Assets

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 Imogen Walker, Deputy Leader of the Council (Finance and Resources)

Any declarations of interest (or exemptions granted): None

Any conflicts of interest: None

Any dispensations: None