



Report to Leader (Finance, Resources, Property & Assets portfolio)

Decision Date: 16 May 2022

Title: Collins House, High Wycombe

Reference no: FR01.22

Relevant councillor(s): Cllr John Chilver – Cabinet Member for Resources, Property and Assets. Ward Members: Cllr Lesley Clarke; Cllr Mahboob Hussain; Cllr Arman Alam.

Author and/or contact officer: Charles Brocklehurst

Ward(s) affected: Abbey Ward

Recommendations:

That the Director of Property and Assets in consultation with the Cabinet Member for Resources, Property and Assets is authorised to dispose of the freehold of Collins House and adjoining land fronting Bridge Street and Mendy Street, High Wycombe (“Collins House”) to Hightown Housing Association in accordance with the details set out in the confidential appendix.

Reason for decision: Collins House was originally under offer to a housing association at below market value, approved by a Legacy Council Cabinet decision 17 December 2018. That deal did not complete. A subsequent Cabinet decision on 2 March 2021, approved disposal at open market value to a second housing association. However, they pulled out. The Director of Property and Assets subsequently approved the appointment of agents to openly re-market the property. A Leader’s Decision is now required to approve disposal to another housing association.

Executive Summary

- Collins House is a derelict building with a lapsed planning consent for redevelopment as apartments.
- Following the previous abortive sales, the property has been openly re-marketed and from initial expressions of interest, a shortlist of four bidders were asked to submit ‘full & final’ bids

- Following evaluation, the preferred bidder is Hightown Housing Association who will provide affordable rented residential accommodation, which meets Council objectives and provides additional value, in terms of nomination rights.
- A summary of the offers is attached as a Confidential Appendix.

1.0 Content of report

- 1.1 Collins House has previously been the subject of two abortive disposals and the site has been openly re-marketed by consultant property agents.
- 1.2 This generated considerable initial interest from 72 parties, 17 of which requested bid profomas. A total of 8 offers were received, once a bid deadline was set. Having evaluated these offers, 4 bidders were invited to submit 'full & final' bids. The bids were evaluated on the basis of; price/conditionality/track record/proposed development/source of funds. Scoring is set out in the confidential appendix. The preferred bidder is Hightown Housing Association ("Hightown") who have indicated a willingness to proceed at pace, to exchange of contracts (see confidential annex for draft Heads of Terms).
- 1.3 Hightown's proposed development includes a commercial element on the ground floor and residential accommodation above, 100% of which will be affordable rented housing. This has merit relative to the Council's policy objective of providing more affordable housing and provides value to the Council in the form of nomination rights. The affordable housing to be provided together with the Council's nomination rights will ensure the properties are let to people on the Buckinghamshire housing register meaning the disposal will contribute to the achievement of the following objectives in respect of the whole or any part of the Council's area, or of all or any person or resident present therein:
- (i) The promotion or improvement of economic well-being
 - (ii) The promotion or improvement of social well-being
 - (iii) The promotion or improvement of environmental well-being
- 1.4 After bidders had been informed of the outcome of the evaluation, the lowest shortlisted bidder submitted a revised offer, details of which are also set out in the confidential appendix. That second offer has been also been considered, but Hightown remains the recommended preferred purchaser.

2.0 Other options considered

- 2.1 Do nothing – This is not the recommended option for the reasons set out in the report
- 2.2 Undertake the development itself - Property & Assets worked with architects specialising in residential development to undertake our own ‘capacity study’, to consider whether the Council should develop the site itself. It showed that it is not a simple site to develop, because of constraints and there was no certainty that the Council could create a financially viable scheme. Furthermore, the disposal supports funding for the Councils capital programme. If the property is not disposed of, financing of elements of the Councils capital programme will need to be re considered.

3.0 Legal and financial implications

- 3.1 Local authorities have powers under the Local Government Act 1972 to dispose of land in any manner they wish, including sale of their freehold land. The main constraint is that the disposal must be for best consideration reasonably obtainable pursuant to Section 123(1) of the Act.
- 3.2 It is recognised that there may be circumstances where an authority considers it appropriate to dispose of land at an undervalue. Section 128(1) of the 1972 Act confers on the Secretary of State power to grant general consent for the purposes of land disposals in certain circumstances. The Local Government Act 1972: General Disposal Consent 2003 (“the General Consent”) means that specific consent is not required for the disposal of any interest in land in cases such as this where the authority considers the disposal will help it to secure the promotion of economic, social or environmental well-being of its area providing always that the difference between the unrestricted value of the land to be disposed of and the consideration of the disposal does not exceed £2,000,000.
- 3.3 Guidance provided in Circular 06/03 on the Local Government Act 1972 (General Disposal Consent (England) 2003) states that in determining whether or not to dispose of land for less than best consideration reasonably obtainable, and whether or not any specific proposal to take such action falls within the General Consent, the authority should ensure that it complies with normal and prudent commercial practices, including obtaining the view of a professionally qualified valuer as to the likely amount of the undervalue. When assessing the unrestricted value, the valuer must ignore the reduction in value caused by any voluntary condition imposed by the authority. A Carter Jonas valuation report forms part of the confidential annex.

3.4 Disposal of land at less than best consideration needs to comply with State Subsidy rules. It is not considered that Hightown's offer is below market value, but even if that were not the case, as a not-for-profit organisation, State Subsidy rules do not apply.

4 Key Risks

4.1 The Hightown offer has some conditions attached, so carries some risk (the draft Heads of Terms are included in the Confidential Annex, setting out conditionality).

5.0 Corporate implications

The relevant corporate plan priority relating to this report is projected capital receipts in the Medium Term Financial Plan (and the provision of affordable housing). The proposed disposal has no other corporate implications other than the well-being objectives referred to above.

6.0 Consultation and communication

6.1 Local Ward Members have been informed of the proposed disposal and they are all supportive, subject to the affordable housing being let to a mix of occupiers.

7.0 Next steps and review

To appoint Legal Services to complete legal formalities

8.0 Background papers

Previous Cabinets report available

