

CHESHIRE EAST COUNCIL

Portfolio Holder Report Cabinet Member for Regeneration Cllr Don Stockton

Date of Meeting: 10th October 2016

Report: Property Services Manager

Subject/Title: Disposal of Hurdsfield Community Centre, Macclesfield

Portfolio Holder: Portfolio Holder for Regeneration Cllr Don Stockton

1.0 Report Summary

- 1.1 The purpose of this report is to seek approval to dispose of the property known as the Former Hurdsfield Community Centre, Macclesfield ("the Property") to Cheshire Peaks and Plains Housing Trust ("the Trust").
- 1.2 The Property has been market tested with the highest offer being £52,500 which represents the unrestricted Market Value for the Property. However, there is a preference for affordable housing to be developed on this site. The offer of £25,000 from the Trust was the only offer received from an affordable housing operator. As such it is recommended that the offer from the Trust is accepted.

2.0 Recommendation

- 2.1 It is recommended that the Portfolio Holder for Regeneration:
- Approves the disposal of the Property to the Trust for affordable housing purposes.
 - Authorises the Director of Legal Services to enter into any licence agreements required to enable the Trust to carry out their due diligence on the Property.
 - Authorises the Director of Legal Services to enter in to Heads of Terms and the final contract between the Council and Trust relating to the sale of the Property.

3.0 Reasons for Recommendations

- 3.1 The Property is included within the Council's Capital Disposal Programme.
- 3.2 The Council actively marketed the Property in September 2015. Interest was received for a variety of uses and a deadline was set for the offers to be placed. A total of four offers were received. The lowest offer received was from the Trust for £25,000 subject to planning and other conditions relating to site due diligence surveys.
- 3.3 The proposal is to develop the Property for 6 x two bedroom affordable houses, for which the trust have already agreed funding from the Homes and Communities Agency. The offers were reported to Executive Director of Place and it was agreed that a sale of the Property to secure affordable housing would be the preferred outcome for the Council, subject to this approval process.
- 3.4 The Trust is the principal housing provider in Hurdsfield with over 600 homes in the area.
- 3.5 The Council's Strategic Housing Service supports the proposal to provide much needed affordable housing at this location.

4.0 Wards Affected

- 4.1 Hurdsfield

5.0 Local Ward Members

- 5.1 Councillor Stephen Carter

6.0 Policy Implications

- 6.1 There are no perceived policy implications.

7.0 Implications for Rural Communities

- 7.1 There are no implications for rural communities.

8.0 Financial Implications

- 8.1 A sale of the Property will generate a capital receipt in the region of £25,000. The sale will contribute to the Council's annual disposals target and also provides additional financial benefits in relation to Council Tax and the New Homes Bonus.

- 8.2 A sale of the Property will also relieve the Council of its holdings costs associated with the property including Business Rates savings. The holding costs for the Property are £2,500 per annum.
- 8.3 All figures mentioned within this report are exclusive of the £4,000 contribution towards Council's costs in dealing with the sale.

9.0 Legal Implications

- 9.1 The Council is permitted to dispose of its land by s1 of The Localism Act 2011 and s123 of the Local Government Act 1972. S123 of the Local Government Act 1972 provides that a local authority may dispose of land in any manner they see fit subject to it obtaining the best price reasonably obtainable for the transaction. The law also allows the disposing authority to take account of whether the disposal is likely to contribute to the achievement of any one or more of the following objects of the whole or any part of its area, or all or any persons resident or present in its area:
- a. The promotion or improvement of economic well-being;
 - b. The promotion or improvement of social well-being;
 - c. The promotion or improvement of environmental well-being;
- 9.2 The General Disposal Consent 2003 authorises the disposal of land for 7 years or more at less than best consideration if the undervalue is £2million or less, as in this case, and subject to those powers being exercised in line with public law principles.
- 9.3 Given that the proposed disposal supports the aim of delivering affordable housing, the lower than best consideration offer is being recommended since this will promote the social and economic well-being of the local area.
- 9.4 Part of the land is classed as 'public open space'. S123 of the Local Government Act 1972 governs the disposal of public open space and requires the Council to publish notices of the intended disposal of land for two consecutive weeks in the local newspaper publication. This process has been completed and no objections to the proposed disposal of public open space were received by the Council during the statutory process.
- 9.5 All disposals must also comply with the European Commission's State aid rules. When disposing of land at less than best consideration the Council is providing a subsidy to the occupier of the land. In such cases the Council must ensure that the nature and the amount of the subsidy complies with State aid rules, failure to comply means that the aid is unlawful and may result in the benefit being recovered with interest from the recipient. If the occupier receives less than approximately £155,000 (200,000 Euros) in state aid over a 3 year period then the De Minimis Regulation will apply (small amounts of aid are unlikely to distort competition).
- 9.6 State Aid issues have been considered and it is confirmed that that State Aid rules have been complied with.

10.0 Risk Management

- 10.1 Disposal of the Property will reduce the liability of the Council in relation to a property which is in a poor state of repair and is likely to attract anti-social behaviour in the future and continued maintenance and security costs.

11.0 Background

- 11.1 The Property comprises a dilapidated former community centre on a site of circa 0.25 acres. It is in a poor state of repair and is considered a liability. It has been vacant since August 2007 and there are no alternative proposed uses of the building for the Council at this stage.
- 11.2 The Property was identified to include within the Council's Capital Disposal Programme to help achieve the annual disposal target.

12.0 Access to Information

The background papers relating to this report can be inspected by contacting the report writer:

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