

Executive

29 September 2016

Report of the Director of Place

Portfolio of the Executive Member for Finance and Performance

Disposal of Grove House

Summary

1. This report seeks an Executive decision to select the highest bidder for the disposal of the former Older Persons Home (OPH) at Grove House.

Background

2. Grove House is a former 45 bed OPH, which closed on 31st March 2016. On 29th October 2015 the Executive resolved to sell the Grove House site forthwith to generate a capital receipt to support the wider Older Persons Accommodation Programme.
3. The property lies just outside the City Walls on the East side of the City, in a mostly residential area, with York St John University nearby. A site plan is attached at Annex 1.
4. Interest in the property has been received from various quarters, with 11 bids made to purchase the property which are presented here for a decision.

Recommendation

5. That Executive should approve the sale of Grove House to Norstar Real Estates Limited as the highest bidder for Grove House.

Reason: To achieve the best consideration for the Grove House site, and facilitate the investment in the Older Persons Accommodation Programme.

Evaluation Criteria

6. Given the need for the council to achieve a maximum capital receipt from the sale of Grove House to fund investment in the Older Persons

Accommodation, the recommendation is, therefore, based on the grounds that the highest and least caveated bid is most likely to achieve this objective.

Analysis

7. A summary of all bids is attached at Annex 2. The identity of the under bidders is contained within Confidential Annex 3.
8. The marketing campaign attracted 11 bids from 9 bidders. 7 of these bids are conditional upon planning permission being obtained by the relevant bidders for their respective desired development schemes. The value of offers ranges from £600k to £1.6m.
9. The highest bid of £1,610,997 is from Norstar Real Estates Ltd, who are proposing to convert the existing building to 29 one bedroom flats for sale or rent. It is expected that affordable housing provision in accordance with planning policy will be on site. The bid is subject to obtaining planning permission for their development proposal.

Council Plan

10. The proposals work towards achieving the following Council plan priorities:
 - A prosperous city for all - where local businesses can thrive and residents have good quality jobs, housing and opportunities.

Implications

Finance – The land being sold is held in the General Fund. Executive agreed in October 2015 to sell Grove House in order to generate a capital receipt to support the wider Older Persons' Accommodation Programme. In July 2015 Executive agreed to contribute up to £4m from the sale of vacated OPHs to fund future accommodation with care provision for older people as part of the Older Persons Accommodation Programme and this receipt of £1.6m will make a significant contribution to that commitment. The other contribution to date is c£1.8m, as the General Fund benefit from the sale of Oliver House.

Legal - The Council has statutory powers (under S.123 of the Local Government Act 1972) to dispose of non-HRA land without the Secretary of State's consent for the best consideration reasonably obtainable (or for less than best consideration where the difference between the price

obtained and full value is less than £2 Million where the purpose of the disposal will contribute to the promotion or improvement of the economic, environmental or social well-being of the area). It is recommended that if it is decided to enter into a contract conditional upon the purchaser obtaining planning permission for a particular scheme, that the Contract contains the following provisions standard to conditional sale contracts:

- (i) That the Sale Price is fixed/specified in the Contract (with no ability for the purchaser to deduct costs from the sale price after signature of contract (such as the costs of obtaining planning permission or the cost of complying with any Planning Obligation(s) imposed under any S.106 Agreement required by the Local Planning Authority or the cost of complying with any conditions imposed by the Local Planning Authority)
- (ii) That the purchaser be under an obligation to apply for Planning Permission for their proposed scheme within a specified period from exchange of contracts and that they will use reasonable endeavours to obtain that Planning Permission on terms satisfactory to them by a further specified date, including entering into any S.106 Agreement required by the Local Planning Authority as a condition of granting planning permission.
- (iii) Ability for either the Council or the purchaser to terminate the Contract if the Buyer has not obtained Planning Permission on satisfactory terms by a specified date

If the Contract does not contain a provision restricting the property to a particular use (or preventing the property from being used for specific purposes) then the purchaser/future owner will be entitled to use/develop the property in any manner they choose in the future subject to obtaining planning permission for development/change in use.

Property - All implications are included in this report.

Housing – The opportunity to achieve affordable housing on this site as part of the developer’s section 106 obligations is welcomed as it will be an attractive and easily accessible location for such accommodation. Further more, a relatively modest housing development on this site would be more in keeping with neighbouring uses including the Ann Harrison’s Almshouses immediately behind the current building.

Human Resources – None

Risk Management

11. Failure to secure a significant capital receipt may impact upon the business case for Older People's Accommodation project.
12. There is a risk of any scheme not getting planning permission.

Contact Details

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Report
Approved



Date 20 September
2016

Specialist Implications Officers
Debbie Mitchell – Principal Accountant
Gerard Allen – Senior Property Solicitor

Ward Affected: Guildhall

All

For further information please contact the author of the report

Background Papers:

Annexes:

Annex 1 - Plan showing the location of the site.

Annex 2 – Summary of all bids.

Confidential Annex

Annex 3 – List identifying the bidders.