

Cheltenham Borough Council
Cabinet – 22nd December 2020

Proposed disposal of freehold interest of 4 Ledmore Road

Accountable member	Cabinet Member Housing – Peter Jeffries
Accountable officer	Head of Property and Asset Management – Dominic Stead
Ward(s) affected	Charlton Kings Ward
Key/Significant Decision	Yes
Executive summary	<p>On 16th November 2020, Full Council agreed a Covid-19 recovery revised budget in respect of 2020/21. At that meeting, Council approved an additional £1.5m budget and funding package for Cyber Central (Golden Valley development).</p> <p>The Golden Valley development – home of Cyber Central UK sets a vision for a campus style development focused around innovation in the cyber sector, driving forward the UK’s mission to be a science superpower and global lead in cyber security. It also seeks to deliver up to 4,000 homes, directly contributing to another CBC priority regarding housing delivery and achieving a target of 40% affordable homes.</p> <p>Council approved a flexible use of capital receipts strategy, utilising £0.8m of capital receipts to part-fund the implementation costs of bringing the Golden Valley development forward. It is anticipated that the proceeds from 4 Ledmore Road will constitute the majority of this allocation.</p> <p>4 Ledmore Road is located in Charlton Kings and is held within the Housing Revenue Account. The property has recently become vacant and it has provided the Council with an opportunity to consider the feasibility together with CBH of the following:</p> <ol style="list-style-type: none">1. To retain the property within the Housing Revenue Account and find a new tenant2. To subdivide to create two homes and sell on the open market3. To dispose of the freehold interest in the property. <p>The option to dispose of the property is the one that is being recommended with the capital receipt being used to reinvest in the regeneration of West Cheltenham.</p>
Recommendations	<p>It is recommended that Cabinet approves:-</p> <ol style="list-style-type: none">1. Delegation to the Head of Property & Asset Management in consultation with the Cabinet Member for Finance the marketing and disposal of the property for best consideration and upon such other terms as are deemed appropriate.

2. Authorises the Head of Property & Asset Management, in consultation with the Borough Solicitor to prepare and conclude the necessary documentation to reflect the terms negotiated.

Financial implications	As set out in the report
Legal implications	<p>Due to its statutory status, the Council is very limited as to circumstances in which residential tenancies it grants are “private tenancies”, i.e. outside the provisions of the Housing Act 1985 which grant security of tenure and the Right to Buy.</p> <p>As the property is currently held within the Housing Revenue Account, the sale will have to be in accordance with the provisions of s32 Housing Act 1985, and require the consent of the Secretary of State. The Secretary of State has issued general consents in respect of certain disposals: consent A3.1.1 permits the freehold disposal of a vacant dwelling house for a consideration equal to its market value.</p> <p>Contact officer: One Legal: legalservices@tewkesbury.gov.uk 01684 272014</p>
HR implications (including learning and organisational development)	None.
Key risks	There is a risk that there the property will be empty for a period of time following the vacation of the property and its subsequent disposal. The intention will be to monitor the property during that period thus minimising the risk of vandalism or illegal occupation.
Corporate and community plan Implications	The disposal will release a capital receipt for the regeneration of West Cheltenham which is a key priority to make Cheltenham the cyber capital of the UK.
Environmental and climate change implications	
Property/Asset Implications	<p>As set out in this report</p> <p>Contact officer: Rebecca.conway@cheltenham.gov.uk _</p>

1. Background

- 1.1 4 Ledmore Road is located on a residential road in Charlton Kings. The property is held in the Housing Revenue Account.
- 1.2 Ledmore Road Estate was built in the 1950s and was used for upper managerial staff at GCHQ when they moved their operation to Cheltenham. The estate comprises of 33 houses, there used to be a communal tennis court and swimming pool but this has since been built on to create 3 more houses.
- 1.3 The majority of the houses have been sold and are no longer within the Councils ownership. The Council still own 4 & 26 Ledmore Road.
- 1.4 4 Ledmore Road has become vacant with the previous Council housing tenants moving to smaller houses which suit their current needs. The property became vacant earlier this year.
- 1.5 The house is a large 4 bed linked house. On the ground floor it comprises of a living room, dining room, kitchen, wc, covered walkway leading to a substantial garage. On the first floor are 4 double bedrooms and family bathroom.
- 1.6 The Council along with Cheltenham Borough Homes looked at the feasibility of a number of options along with their decisions (see attached options Appendix 3)
- 1.7 The recommended option is to dispose of the freehold interest.
- 1.8 The Council have approached 2 local estate agents to give valuations who have suggested marketing the property for £550,000 with the view of potentially achieving in excess of £600,000

2. Reasons for recommendations

- 2.1 The capital receipt from the open market sale of 4 Ledmore Road is exempt from pooling regulations and can be wholly used to fund expenditure in both the General Fund or Housing Revenue Account. Whereby the General Fund capital expenditure relates to regeneration, the receipt is not subject to an adjustment of the Capital Financing Requirement (CFR).
- 2.2 Regeneration is defined as any project for the carrying out of works or activities on any land where:
 - a) The land, or a building on the land, is vacant, unused, under used, ineffectively used, contaminated or derelict and
 - b) The works or activities are carried out in order to secure that the land or building will be brought into effective use.
- 2.3 As per the Covid-19 recovery revised budget 2020/21, agreed by Full Council on 16th November 2020, £1.5m additional funding for Cyber Central (Golden Valley development) was agreed, whereby £800k would be funded from capital receipts under the flexible use of capital receipts strategy.
- 2.4 Given that one of the key drivers for the delivery of the Golden Valley development is affordable and sustainable housing, the use of this receipt clearly meets the definitions outlined above.

3. Alternative options considered

- 3.1 Retaining the property.

3.2 To divide the property into 2 and then dispose of both free hold interests.

3.3 To dispose of the freehold interest in the property.

4. Consultation and feedback

4.1 Ward Members have been consulted, together with the Cabinet Member for Finance and Cabinet Member for Housing. The Asset Management Working Group met on 12th November and were supportive of the proposal to dispose of the freehold interest in the property as is.

5. Performance management –monitoring and review

5.1 Monitor to ensure the sale process is going accordingly.

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Appendices	<ol style="list-style-type: none">1. Risk Assessment2. Options considered3. Location Plan.
Background information	Covid-19 recovery revised budget 2020/21 – Full Council 16 th November 2020

The risk				Original risk score (impact x likelihood)			Managing risk				
Risk ref.	Risk description	Risk Owner	Date raised	Impact 1-5	Likelihood 1-6	Score	Control	Action	Deadline	Responsible officer	Transferred to risk register
	If the council does nothing then the property will potentially fall into decay	DS	28/8/2020	5	1	5	Accept	Dispose on the open market		RC	N/A
	If the property is left empty long term then it would leave the council with an ongoing maintenance liability.	DS	28/08/2020	5	1	5	Accept	Extremely unlikely as the property is located in a very popular and highly sought after location. Property will continued to be marketed until we receive an offer		RC	N/A
	If the property remains empty then the property will be vulnerable to vandalism and even illegal occupation	DS	28/08/2020	5	1	5	Reduce	Market and dispose of the property as soon as possible.		RC	N/A