

Cabinet

Date: 15 July 2019

Wards: Cricket Green

Exempt or confidential report

The following paragraph of Part 4b Section 10 of the constitution applies in respect of information given in **Appendix 1** of this report and it is therefore exempt from publication. Members and officers are advised not to disclose the contents of this report:

Information relating to the financial or business affairs of any particular person (including the Authority holding that information).

Subject: Worsfold House Site, Church Road, Mitcham CR4 3BE

Lead officer: Chris Lee, Director of Environment and Regeneration

Lead member: Councillor Mark Allison, Deputy Leader and Cabinet Member for Finance

Contact officer: Howard Joy, Property Management and Review Manager

Recommendations:

- A. The Worsfold House Site be declared surplus to Council requirements.
- B. The disposal of Worsfold House Site by private treaty on the main terms identified within the confidential appendix of this report be approved.
- C. That the Director of Environment and Regeneration be authorised to use his authority under the constitution to approve any variation in these terms.

1 PURPOSE OF REPORT AND EXECUTIVE SUMMARY

- 1.1. To declare Worsfold House site surplus to council requirements and to approve the disposal by private treaty on the main terms within the confidential appendix of this report.

2 DETAILS

- 2.1. The Worsfold House site is owned by the council and comprises an area of approximately 6,884 sq. m (1.70 acres) within which lies Worsfold House a former council housing office.
- 2.2. Worsfold House is let to Evolve Housing who have given formal notice that they will end their tenancy on 30th November 2019. The property is sublet by Evolve Housing to twelve occupiers and Evolve have confirmed that it will serve notice on each of them ending their tenancies on 30th November 2019

thereby providing the Council with vacant possession. Council officers have written to the existing tenants at Worsfold House to offer support in seeking alternative accommodation.

- 2.3. Publication of this report has resulted in the emails. The emails express concerns that there should be public debate to inform the decision making process. These concerns are acknowledged and the confidential information has been separated so that the main report can be considered in public session.
- 2.4. Clarion Housing Group (CHG) has made an offer to purchase the site from the council to provide a decant site for the regeneration of the Eastfields Estate and thereby bring forward the redevelopment of this estate and the provision of housing in the borough. The terms of their offer are within the confidential papers to this report.
- 2.5. The regeneration of Eastfields Estate will provide up to 800 new homes details of the regeneration proposals are online at <https://www.mertonregen.org.uk/ravensbury/#>
- 2.6. Eastfields Estate is part of the wider Estate Regeneration Project led by CHG. The overall project enables the delivery of 2,600 new homes, 1,200 replacement and 1,400 additional, with a unique residents offer which ensures that people living on the estates will be offered a new replacement home as part of the project. This aspect of the project is essential to maintaining a sustainable community throughout the delivery of the scheme and minimising the impact of gentrification, which is prevalent in many other regeneration projects.
- 2.7. The impact of the offer from CHG is the need to provide sufficient relocation opportunities and the Worsfold House site provides sufficient capacity for the Eastfields scheme. Local relocation also minimises disruption as well as having positive health and well-being benefits by keeping communities together and ensuring vulnerable residents can stay in familiar locations.
- 2.8. The Worsfold House site, being part of a wider project means that the planning process and viability of the project is interlinked with the regeneration of Eastfields, Ravensbury and High Path as a single business plan. This link is enshrined in the Council's planning policies and has been subject to an Enquiry in Public.
- 2.9. The linking of all three estates, and the disposal of the Worsfold House site in this respect means that the Worsfold House site is integral to unlocking the benefits of the larger scheme.
- 2.10. Not only does the wider project represent over £1bn investment in Merton. The scheme delivers 100% lifetime homes standards, £30m for community infrastructure, 500+ local construction jobs, an extra £2m council tax revenue per year and a clawback package, negotiated as part of the Stock Transfer to CHG estimated to be c£30-50m over the lifetime of the project.
- 2.11. If the Worsfold House site was sold on the open market, these additional benefits would not be realised to the maximum extent outlined above.
- 2.12. Disposal to CHG would be subject to planning permission and the expectation is that, subject to planning permission, the Worsfold House site

would accommodate sixty homes consisting of twenty one bed, nineteen two bed, plus twenty one three bed homes. The redevelopment of this site and the regeneration of the Eastfields Estate can proceed as soon as the planning permission is obtained and the Council's land is transferred to CHG. The final unit mix will be determined through the planning application by CHG.

2.13. The main benefits of selling the Worsfold House site to CHG are listed below:

(i) Regeneration. The Worsfold House site will provide 60 units to relocate existing tenants and house owners in Eastfields Estate into new homes. This enables the delivery of the wider regeneration of Eastfields Estate. Without the decant units, the regeneration project would take longer to deliver and require compulsory purchase of properties with the cost, delay and uncertainty inherent in this process.

(ii) Delivery. The Council, in disposing of the Worsfold House site to CHG is speeding up the delivery of regeneration and minimising the potential impact on residents by providing direct decant capacity.

(iii) Homeless accommodation. The disposal and subsequent redevelopment will help provide much needed housing and reduce the need for temporary accommodation and the need for temporary and permanent homeless accommodation that the Council needs to provide.

(iv) Affordability. The 60 homes to be provided by this scheme will be used to decant CHG tenants and homeowners in the early phases of Eastfields Estate regeneration to bring Phase 1 forward at an accelerated rate. NB If any resident insists on remaining in the Worsfold House site the Council will immediately gain access to the replacement dwelling (or take appropriate action to ensure the tenant does vacate).

(v) Nomination rights. Merton will have nomination rights to six additional units within the regenerated Eastfields redevelopment, which may not occur if the scheme had been a private sector market led proposal. The development of the Eastfields Estate requires that, as a minimum, a like for like replacement of affordable housing is provided.

2.14. The sale of the Worsfold House site to CHG is therefore critical to starting the re-housing of residents in Eastfields and critical to the speed of delivery of the larger Merton Regeneration Programme and masterplans.

2.15. The Council is under an obligation to be able to demonstrate in the sale of the freehold interest in property that the best consideration reasonably obtainable (section 123 Local Government Act 1972) had been achieved.

2.16. In addition to the purchase price, the council will receive nomination rights to six additional affordable units for rent. These will go towards satisfying the council's obligation under section 123 of the Local Government Act 1972 to obtain best consideration. NB. A precise timescale for the provision of the units is not possible at present as it is dependent upon the provision of detailed planning permission and the redevelopment process but is scheduled to occur within the next ten years.

- 2.17. As stated within paragraph 2.13 above the sale to CHG will provide 60 homes which are to provide decant accommodation for Phase 1 of the Eastfields regeneration. In addition, Merton will have nomination rights to six units within the Eastfields regeneration, which would not occur if the scheme had been a private sector market led proposal and these nomination rights will be for a period of 50 years (NB “perpetuity” is undefined and so is unenforceable and any longer period than 50 years would be open to challenge).
- 2.18. The sale to CHG of the Worsfold House site is of critical importance. Without this land the phased redevelopment and regeneration of the Eastfields Estate at best will not progress as quickly as the proposed redevelopment of Worsfold House site by CHG allows. It is therefore of vital importance to the success of the regeneration of the estate that the disposal is completed as soon as possible.
- 2.19. The sale to CHG, provided planning permission for the sixty units referred to is obtained, will provide all the benefits identified within paragraph 2.13 above. These benefits will be lost should the site be sold on the open market.
- 2.20. The sale of Worsfold House site to CHG is critical to starting the re-housing of residents in Eastfields and critical to the speed of delivery of the larger Merton Regeneration Programme and masterplans.

3 ALTERNATIVE OPTIONS

- 3.1. Retain the property. The property is of minimal benefit to the Council for occupation and is surplus to the council’s needs at present although sale would prevent use for school expansion. There is the possibility of leasing to generate revenue income as identified within the confidential agenda item.
- 3.2. Disposal on the open market. This is unlikely to achieve a better redevelopment or the benefits to the Council contained within the body of this report and would prevent the acceleration of the regeneration of the Eastfields Estate that disposal to CHG allows but could result in a higher capital receipt.
- 3.3. Transfer the property to the Council’s Local Authority Property Company. This would prevent the acceleration of the estate regeneration that disposal to CHG allows.
- 3.4. Disposal to CHG for nil consideration. This would not satisfy the duty to obtain the best consideration reasonably obtainable and would require the Council to obtain consent from the secretary of state.

4 CONSULTATION UNDERTAKEN OR PROPOSED

- 4.1. Through the planning application process.
- 4.2. Through the Estates Local Plan process.

5 TIMETABLE

- 5.1. Exchange of contracts will take place as soon as the necessary legal documentation is agreed. Completion of the disposal will take place once an acceptable planning consent is granted.

6 FINANCIAL, RESOURCE AND PROPERTY IMPLICATIONS

- 6.1. Property implications are contained within the “Details” section of this report.
- 6.2. The capital budget implications are contained within the body of this report.

7 LEGAL AND STATUTORY IMPLICATIONS

- 7.1. The council is under an obligation under s123 of the Local Government Act 1972 when disposing of an interest in land to obtain best consideration reasonably obtainable
- 7.2. Consideration for the purposes of section 123 of the Local Government Act 1972 can be money or money’s worth. A local authority is entitled to take in to account elements of the transaction which have a monetary or commercial value to the local authority. This would include the value gained to council through the nomination rights.
- 7.3. The council has a duty to act fairly and reasonably in carrying out its functions and duties.
- 7.4. Decisions taken in accordance with the Recommendations of this report will not, in themselves, give rise to any state aid and/or European procurement implications. In addition, paragraph 2.15 of the report provides that the disposal is subject to obtaining the best consideration reasonably obtainable. On this basis, the disposal of the Worsfold House site will not engage the state aid rules or the European procurement rules.

8 HUMAN RIGHTS, EQUALITIES AND COMMUNITY COHESION IMPLICATIONS

- 8.1. None for the purpose of this report

9 CRIME AND DISORDER IMPLICATIONS

- 9.1. None for the purpose of this report

10 RISK MANAGEMENT AND HEALTH AND SAFETY IMPLICATIONS

- 10.1. None for the purpose of this report

11 APPENDICES – THE FOLLOWING DOCUMENTS ARE TO BE PUBLISHED WITH THIS REPORT AND FORM PART OF THE REPORT

- Appendix 1 (exempt)
- Appendix 2. Location Plan.

12 BACKGROUND PAPERS

This page is intentionally left blank