

Gloucester City Council

Meeting:	Cabinet	Date:	7 December 2022
Subject:	Transfer of Land Adjacent to School Lodge Matson Lane to Gloucester City Homes for Affordable Housing in Exchange for School Lodge to be Leased to Together in Matson for Community Use		
Report Of:	Cabinet Members for Performance & Resources and Planning & Housing Strategy		
Wards Affected:	Matson, Robinswood & White City		
Key Decision:	No	Budget/Policy Framework:	No
Contact Officer:	Abi Marshall Property Commissioning Manager		
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Appendices:	1. Plan of Land		
	2. Plan and Photograph School Lodge		
	3. Details on Together in Matson		
	4. Bruton Knowles Valuation Report		

EXEMPTIONS

The public are likely to be excluded from the meeting during consideration of appendix 4 of this report as it contains exempt information as defined in paragraph (3) of schedule 12A to the Local Government Act 1972 (as amended). All sections of appendix 4 are considered confidential and commercially sensitive.

1. Purpose of Report

- 1.1 To consider the proposed disposal of land adjacent to School Lodge, Matson Lane to Gloucester City Homes (GCH) for them to construct a block of 9 apartments. In return GCH will transfer the freehold of School Lodge to Gloucester City Council who will in turn lease the building to Together in Matson (a local registered charity) for a community building.

2. Recommendations

- 2.1 Cabinet is asked to **RESOLVE** that:

- (1) the transfer of land adjacent to School Lodge, Matson Lane to Gloucester City Homes for them to develop for affordable housing for rent (9 apartments) in exchange for School Lodge be agreed. School Lodge to then be transferred by way of a long lease to Together in Matson for the use as a not for profit community café with Airbnb accommodation above

- (2) the Director of Policy and Resources in conjunction with the Director of Communities be delegated to agree the terms of the sale and long lease.

3. Background and Key Issues

- 3.1 The land adjacent to School Lodge (see appendix 1 plan of land) comprises a car parking area for users of the fishing lake and the adjoining open space and an area of rough shrubs. The land has been subject to fly tipping in the past.
- 3.2 The Lodge (see appendix 2 plan and photo) was originally the Lodge to Selwyn House. Gloucester City Council owned this property from 1971 until its transfer to GCH on Stock Transfer in 2015.
- 3.3 Discussions have been ongoing with GCH for several years on the transfer of this land. Originally for a consideration but more recently in exchange for the School Lodge.
- 3.4 GCH have submitted planning applications originally for houses but now for a block of 9 apartments. This application is yet to be determined.
- 3.5 The housing development will be for affordable apartments available to rent and the Council will have nomination rights.
- 3.6 Once the School Lodge is transferred to the Council it will be leased to 'Together in Matson' by way of a 99 year lease. Together in Matson are a local registered charity. They intend to renovate the property and use it as a community café and as Airbnb accommodation with the proceeds being used to maintain the building and support the café.
- 3.7 Together in Matson have already been awarded grants of £100000. Please see appendix 3 with details of Together in Matson, who they are and their business case.
- 3.8 Bruton Knowles have undertaken a valuation of the land and the Lodge (see appendix 4). EXEMPT
- 3.9 There is a difference of £10,000 in the value of the land to be transferred and the value of the Lodge. It is viewed that the benefit of this transaction and its outcomes warrants this 'loss' to the Council.

4. Social Value Considerations

- 4.1 The apartments to be built will be affordable and available to rent. The Council will have nomination rights.
- 4.2 The café will provide training and volunteering opportunities for local people.

5. Environmental Implications

- 5.1 The apartments – as part of the planning application measures are listed to include SUDS, ground heat source pumps, LED lighting building to a standard that produces less than 8% CO2 emissions than that required by building regulations.
- 5.2 The Lodge – Together in Matson are currently drawing up plans for the conversion of the Lodge. They will be encouraged to look at energy saving measures.

6. Alternative Options Considered

- 6.1 **Sell the land on the open market**
This would result in a capital receipt but would not provide affordable housing or a community facility
- 6.2 **Do nothing**
The land would remain little used and a potential fly tip area. The Lodge would remain a used dilapidated building. Would miss the opportunity to provide affordable housing and community facility.
- 6.3 **Transfer the land to GCH only**
GCH do not consider the site viable if they had to pay for it but they are happy to transfer the Lodge to Council as consideration for the land.

7. Reasons for Recommendations

- 7.1 It is recommended that the Council disposal of the land to permit GCH to build affordable housing (9 units) in exchange for School Lodge which would become a community asset after it is renovated.

8. Future Work and Conclusions

- 8.1 If this is agreed the Property Commissioning manager is to agree terms for the transfer of the land. In consultation with Housing Team, Property Commissioning Manager to agree terms for the lease to Together in Matson. This will be approved by Head of Policy and Resources in consultation with Head of Communities
- 8.2 GCH and Together in Matson to obtain planning permission. This needs to include Listed Building Consent and Change of Use for the Lodge.
- 8.3 The disposal of open space to be advertised as per S123 Local Government Act 1972
- 8.4 Further consideration will need to be given to tenants' Rights to Acquire.

9. Financial Implications

- 9.1 There will not be a capital receipt for this transaction

(Finance were consulted in the preparation of this report)

10. Legal Implications

10.0 Disposal of Land adjacent to School Lodge

The Council has a statutory duty under S123 of the Local Government Act 1972 to secure the best consideration reasonably obtainable when disposing of a freehold interest in property. Obtaining an outline planning permission may increase the value/saleability, but the Council as landowner should not limit its sale to this use if a higher offer for an alternative use could be obtained.

Failing to obtain best consideration would mean that the property is sold at an undervalue, for which the Secretary of State's consent is required (either general or specific). In addition, such undervalue may have Subsidy Control implications.

The advice of an independent valuer should be obtained and followed

Where land is disposed at an undervalue by a local authority to a registered (housing) provider, this is deemed to be financial assistance to that provider. Section 24 of the Local Government Act 1988 permits this, but section 25 of that Act (and the consents granted thereunder) shall require the imposition of certain conditions upon the transfer.

Where the disposal is of public open space (an expression which includes buildings located on open space), prior to disposal a notice of the intention must be placed in the local press for 2 consecutive weeks, and any objections considered.

The Council's registered title contains restrictive covenants and regard should be sought to obtaining a release of the restrictive covenants from the beneficiaries or securing indemnity insurance against any breach.

10.1 Acquisition from GCH and disposal of School Lodge to Together in Matson

Under Section 123 of the Local Government Act 1972, the Authority has an obligation to secure best consideration reasonably obtainable when disposing of a property by way of a lease for more than 7 years. This obligation can be waived with the consent of the Secretary of State, who has given a General Consent to such disposals where, in the reasonable opinion of the Local Authority, this disposal is for social, economic or environmental benefit of the inhabitants of the Authority's area or any of them.

Section 12 Local Government Act 2003 gives councils the power to invest either for the purposes of their functions or for the prudent management of their financial affairs. The authority must be satisfied that the investment is reasonable. In addition, the Authority may rely on S.1 Localism Act 2011 where the investment relates to regeneration and economic/social benefits in the council's area. It is important, however, to note that whilst section 1 of the Localism Act 2011 grants local authorities a general power of competence, section 4 of the 2011 Act provides that the exercise of the power for commercial purposes only must be done through a company.

In addition to valuations, appropriate title checks and searches will take place before the Authority is committed to acquire any property, in order to ensure that the title the Authority acquires is good and marketable, with (where relevant) enforceable leases in place and the rents payable verified. Where lettings are involved in producing an income, there is always a risk that the tenant will fail,

leaving the freeholder with the financial responsibility for the maintenance and outgoings of the property.

Any concerns on the title will be reported to the Property Commissioning Manger for further instruction. Ambiguities in, for example, the lease, may result in unanticipated expenditure by the Authority in the future.

(One Legal have been consulted in the preparation of this report.)

11. Risk & Opportunity Management Implications

- 11.1 The Council are mitigating any potential risks by empowering the Community to take ownership of the Lodge. By working with GCH (Gloucester City Homes) to facilitate the easiest course of action, by GCH undertaking all of the planning, to enable this project. Ultimately the homes will make use of an area of scrub land to provide affordable accommodation and the Lodge will connect and provide a community focused centre from a dilapidated and unused property. It is win, win, win. This project is seen as a partnership of enablers for the greater good of the community.
- 11.2 The main risk is unsuccessful planning and extended timeframes to jump through all the hoops meaning that any potential funding is put at risk.

12. People Impact Assessment (PIA) and Safeguarding:

- 12.1 The PIA Screening Stage was completed and did not identify any potential or actual negative impact; therefore, a full PIA was not required.

13. Community Safety Implications

- 13.1 None

14. Staffing & Trade Union Implications

- 14.1 None

Background Documents: None