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Cabinet Member for Jobs and Regeneration

5 October, 2016

**Name of Cabinet Member:**

Cabinet Member for Jobs and Regeneration – Councillor J O’Boyle

**Director Approving Submission of the report:**

Executive Director, Place

**Ward(s) affected:**

**Binley and Willenhall**

**Title:**

189 and 191 Princethorpe Way, Ernesford Grange - Authority to dispose

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**Is this a key decision?**

No

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**Executive Summary:**

The Council disposed of 193 Princethorpe Way, a surplus building then used as a day centre, for development as 10 residential dwellings in 2013.

Two adjoining former staff dwellings (189 & 191) were retained in 2013 as they were then used operationally as to meet the needs of clients of All Age Disabilities Services. The two dwellings are now empty and no longer required for operational use. They also require significant investment to bring them up to a reasonable standard of repair.

The purpose of this report is to seek approval to the freehold disposal of these two remaining properties and to negotiate the sale to the developer that purchased the adjoining land at market value, for a comprehensive development of the site. If market value cannot be secured from that developer, to market the properties by tender or auction.

**Recommendations:**

Cabinet Member for Jobs and Regeneration is requested to:-

1. Approve a negotiated sale of the freehold interest in 189 and 191 Princethorpe Way to the purchaser of the adjoining land, at market value or if that cannot be achieved, to market the properties by tender, auction or any other appropriate method.
2. Delegate authority to the Executive Director, Place to conclude the terms of freehold disposal of these two properties, in accordance with paragraphs 5.1 and 5.2 of this report.

**List of Appendices included:**

*A Plan referred to in the report.*

**Background papers:**

None

**Other useful documents:**

Outline Planning Permission dated 10 January 2013 (OUT/2012/1997)

**Has it been or will it be considered by Scrutiny?**

No

**Has it been or will it be considered by any other Council Committee, Advisory Panel or other body?**

No

**Will this report go to Council?**

No

**Report title:**

189 and 191 Princethorpe Way, Ernesford Grange – Authority to dispose

**1. Context (or background)**

- 1.1 During the 1970s, the Council constructed a development comprising 3 buildings (known as 189-193 Princethorpe Way), the main building (number 193) was constructed as a residential home for children with learning difficulties.
- 1.2 The other two buildings (numbers 189-191) were staff residential units.
- 1.3 In the 1990s, the use of the main building (number 193) was changed to a day centre. It was declared surplus to requirements in 2012 and after obtaining outline planning permission for 10 houses, the 0.76 acre site (0.30ha) site and building (shown hatched black on the attached plan) was sold to a local developer (James O’Flanagan Ltd), in 2013.
- 1.4 The two residential units (189-191 and shown cross hatched on the plan), which form the subject of this report, remained in Council ownership, and were used for housing for clients with learning disabilities and emergency accommodation. Both units are now vacant, the former occupiers having been moved to more appropriate supported accommodation.
- 1.5 An independent condition survey was carried out on the two properties in February 2015, which concluded that a number of repairs and improvements should be undertaken to bring the two properties up to a basic standard. The estimated cost is in the region of £25,000 - £30,000, however the condition of 191 has since deteriorated and requires more extensive renovation works.
- 1.6 The premises which are not fit for continued use in their current condition, are no longer required for the delivery of operational services to All Age Disability Services’ clients and are surplus to operational requirements.
- 1.7 The developer, James O’Flanagan Ltd, has demolished 193 Princethorpe Way and cleared the site. Prior to submitting a detailed planning application for its development, the developer has put forward a proposal to acquire the two dwellings 189 and 191 Princethorpe Way, to enable a comprehensive development of the combined site.

**2. Options considered and recommended proposal**

- 2.1 The principal options for the two surplus properties are to consider their disposal, preferably to the developer of the adjoining site to enable a single comprehensive development of the combined site, provided market value can be achieved. The inclusion of these two dwellings within the site should enable a combined site development of 13 dwellings (subject to planning). Alternatively, the Council could just dispose of the properties with incoming purchasers undertaking works of refurbishment. Both properties share utility services with the adjoining site and there would be some disruption, as services were reconfigured as part of the development of the adjoining site.
- 2.2 Having regard to the extent and duration of development works to be undertaken on the adjoining site and the servicing arrangements to the two properties, it is considered that the best option is to try and negotiate the sale of the freehold interest in both properties to the developer of the adjoining land, at market value, to enable a comprehensive development of the combined site.

- 2.3 If market value cannot be obtained in the disposal, then the Council should sell the property through a competitive process such as an auction or tender.

### **3. Results of Consultation undertaken**

- 3.1 The Cabinet Member for Strategic Finance and Resources has been consulted on the decision to declare the properties surplus to requirements.

### **4. Timetable for implementing this decision**

- 4.1 A negotiated disposal at market value should be concluded within 3 months, if this does not secure market value, private disposal could expect to take 3-6 months.

### **5. Comments from Executive Director, Resources**

#### **5.1 Financial implications**

- 5.1.1 If the properties are approved for disposal, any capital receipt received will contribute towards the 2016/2017 forecast for capital receipts that help to support the Council's Medium Term Financial Position.

#### **5.2 Legal implications**

- 5.2.1 In order to meet the Council's requirement to obtain the best price reasonably obtainable, in accordance with the provisions of S.123 of the Local Government Act 1972, the properties will be valued by an external valuer, to establish market value. If a negotiated settlement cannot be agreed at that figure, the properties will be marketed by tender or auction and sold at the highest acceptable bid price.
- 5.2.3 Officers within the Resources Directorate (Legal Services) will complete the necessary legal documentation affecting the freehold disposal and will collect payment of the agreed consideration

### **6 Other implications**

#### **6.1 How will this contribute to achievement of the Council's key objectives / corporate priorities (corporate plan/scorecard) / organisational blueprint / Local Area Agreement (or Coventry Sustainable Community Strategy)?**

- 6.1.1 The capital receipt will contribute towards corporate resources and the delivery of corporate objectives.
- 6.1.2 During construction, the development will provide jobs and business opportunities for the city's residents.

#### **6.2 How is risk being managed?**

- 6.2.1 The level of risk is low and will be managed by the surveyor dealing with the disposal throughout the disposal process.
- 6.2.2 The recommended option gives the Council the greatest certainty over the delivery of a capital receipt and obtaining best consideration.

6.2.3 The developer is obtaining a new planning permission for the whole site but the existing properties are already in residential use and therefore, the principle of residential development is established.

**6.4 What is the impact on the organisation?**

6.4.1 Work will be required by both the Property Development Team in negotiating the detail of the disposal with the purchaser and Resources Directorate, in preparing and completing documentation and collecting payment of the agreed consideration.

**6.5 Equalities / EIA**

6.5.1 No Equality Impact Assessment has been undertaken as the properties will be vacant and the recommendations do not constitute a change in service policy.

**6.6 Implications for (or impact on) the environment**

6.6.1 The principle of development has been established through the existing outline planning consent and a new permission is being sought. The Design and Access Statement in the existing planning permission outlines the principles of the scheme design and its impact on the surrounding area.

**6.7 Implications for partner organisations?**

6.7.1 None

**Report author(s):**

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