

Report subject	Westbourne Plus
Meeting date	30 October 2024
Status	Public Report with Confidential Appendices
Executive summary	<p>This report presents a proposal to dispose of the former Westbourne Plus site in Alumhurst Road, Westbourne.</p> <p>Following Cabinet's adoption of the Adult Day Opportunities Strategy in March 2024 the Westbourne Plus site was declared surplus.</p> <p>The proposal to disposal of former Westbourne Plus was considered by the cross-party strategic asset disposal working group on the 4 October 2024. The draft minutes of this meeting are presented as a confidential appendix to this report (Appendix B).</p> <p>The approved recommendation of the cross-party working group was to endorse the proposal.</p> <p>Similarly, the proposal was endorsed by the two local ward councillors who also attended the working group.</p>
Recommendations	<p>It is RECOMMENDED that Cabinet recommend that Council:</p> <p>(a) note the confidential draft minutes and the recommendations of the Cross-Party Asset Disposal Working Group meeting held on the 4 October 2024.</p> <p>(b) Subject to a viable alternative being confirmed before the Council meeting on the 10 December 2024, approve the disposal on an open market basis of the former Westbourne Plus site including St Ambrose Cottage on such terms to be approved by the Director of Finance, also acting in his capacity as Corporate Property Officer, in consultation with the Portfolio Holder for Finance.</p>
Reason for recommendations	To obtain approval for the disposal of the former Westbourne Plus site.
Portfolio Holder(s):	Cllr. Mike Cox, Portfolio Holder for Finance

Corporate Director	Adam Richens, Director of Finance
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Wards	Westbourne & West Cliff
Classification	For Recommendation

Background

1. Westbourne Plus was a day service for people with a mental health diagnosis who required day support. It was closed in 2020 when the Covid-19 pandemic forced the closure of all day services. When services restarted in 2021, initially while pandemic restrictions were still in place, the service relocated to the Boscombe Connect location. A review of all day services began in 2022 which established that the Westbourne Plus base at Boscombe Connect was viewed very positively. In March 2024 a decision was therefore made to permanently close the Westbourne Plus site with the service continuing to be run from Boscombe Connect. The associated land and buildings were declared surplus to requirements.
2. St Ambrose Cottage, which is also on the site, was previously used by the Carers Team. In 2022 this service was similarly relocated to Boscombe Connect and the building subsequently declared surplus to requirements.
3. Internal processes including the Corporate Property Group (CPG), and the bi-weekly Cabinet/Corporate Management Board planning sessions have established no alternative internal use for this asset. This includes specific consideration as to whether it would be suitable or viable for Special Educational Needs and Disability (SEND), Affordable or Social Housing, or for community use. However, the Housing Development Team and the Community Services Team have been asked to reaffirm this position and if a viable alternative is possible to confirm this position before the 10 December 2024 Council meeting which it is assumed would be asked to consider its disposal.
4. Details of the site are set out in confidential **Appendix A**. The site is regular in shape, level and secure. The main building is free-standing, two-storey and of traditional construction with brick walls, a slate roof and wooden casement windows. The site also includes St Ambrose Cottage which is of a similar construction to the main building and located at the rear of the site. Within the draft BCP Local Plan the site is identified within a conservation area. The draft Local Plan also references the need for 900 new homes to be built in the ward.

Principles developed by the Cross-Party Strategic Asset Disposal Working Group

5. Through a series of meetings across March, April, and June 2023 the cross-party strategic asset disposal working group developed a series of principles to be applied

to determine future asset disposals. These principles, which were subsequently endorsed by Cabinet on the 26 July 2023, can be set out as follows:

Principle 1: We will ensure sufficient assets disposals are secured to enable the councils Transformation Programme costs to be fully funded by the Flexible Use of Capital Receipts. This will require disposal of assets where completion can be guaranteed by the 31 March of the relevant financial year and to the required amount.

Principle 2: Pursuant with S123 of the Local Government Act 1972, we will ensure Best Value is achieved in respect of any asset disposal by ensuring the value achieves the Red Book valuation as a minimum. We will also consider the use of overage clauses, where appropriate, to benefit from any future uplift in value.

Principle 3: We will constantly challenge ourselves as to the basis for holding any asset to ensure our portfolio is managed in an efficient and effective way. Holding costs and ability to reduce carbon footprint will be salient factors.

Principle 4: We will look to dispose of surplus, under-used, vacant land & buildings unless there is a strong strategic rationale for holding them for example - support future service delivery, regeneration, housing, or place making.

Principle 5: Provided consistent with other principles, we will support the acquisition of assets by community organisations and other public sector bodies such as Town and Parish Councils.

Principle 6: Estates Team capacity will be focused on the delivery of the required asset disposals.

6. As at the end of September 2024 the Council is forecast to spend at least £2.5k in operating costs for this building in 2024/25.
7. The application of these principles, particularly Principle 4, means the council should now be looking to dispose of the former Westbourne Plus site. This is also supported by the council's Asset Management Strategy which emphasises that the council should constantly challenge itself as to the basis for holding any asset to ensure its portfolio is managed in an efficient and effective way. It should reflect on the cost to the public purse of holding assets and should dispose of surplus, under-used, vacant land, and buildings.
8. In addition, as part of the responses to the public consultation supporting the 2024/24 Budget process, the public told us they would be supportive of the council selling assets we no longer need.

Conditions associated with any disposal.

9. In considering the disposal of this asset there are several factors which need to be resolved including: -

- **Long leasehold or freehold.**

To maximise interest in the sale and to maximise the capital receipt the advice would be a freehold sale. This would transfer the entirety of the site to the buyer.

As an alternative, the freehold sale could be made conditional based on matters such as planning permission.

It is also possible in a freehold sale to agree for a share of any increase in value of the land generated by the development through an overage agreement.

The alternative would be a sale by way of grant of a development lease that would enable the council to retain an element of control through the need for the lessee to obtain advance approval of planning applications and the ability to restrict the proposed use. It will also ensure that the site is developed out by the purchaser.

A freehold sale would generate more interest from developers/investors than a leasehold sale. A leasehold sale impacts on the marketability of the property for several reasons such as the lease terms, length, restrictions and requirements for freeholder consent, whereas a freehold sale gives the purchaser total control. Stronger demand leads to a higher level of competitive bidding and improved bid levels.

Recommended option would be a freehold disposal, potentially with an overage agreement.

- **Whole site or subdivided into small plots.**

The site can be sold as a whole, or sub divided into plots.

Recommended option would be to sell the site as whole.

- **Sold as seen or sold subject to planning conditions.**

Sold as seen is the quickest route to the delivery of a capital receipt and the quickest route to avoiding ongoing holding costs and ownership risks. A sale subject to planning is likely to generate a higher receipt value but the risk of the planning process sits with the council. Our experience with some long-standing sales, such as the Southbourne Crossroad and Cambridge Road sites demonstrate the complexities of a sale subject to planning.

This route would also delay the capital receipt as, unless and until an acceptable planning permission is obtained, the buyer does not pay the balance of the purchase price.

Recommended option sold as seen.

10. The due diligence associated with the valuation process will determine the detail of any overage clauses relating to future developments on the site to be included in the sales contract.

Options Appraisal

11. Options considered include:

- (a) Do nothing. Not consistent with principles agreed by Council for holding assets.
- (b) Alternative Use. Via the Corporate Property Group and Cabinet/CMB bi-weekly strategic planning meetings it has been confirmed that the Council has no viable alternative service proposals or uses for the site. This includes SEND, Affordable or Social Housing, or Community Use. As set out earlier in this report the Housing Development Team and the Community Services Team have been asked to reaffirm this position before the relevant Council meeting to consider its disposal.
- (c) Disposal but on alternative terms as described in the report. For example, leasehold or subject to planning. The report sets out the recommended options in each of these scenarios.

Summary of financial implications

12. The current estimated value is included in confidential Appendix A. This value will be subject to an independent RICS Red Book valuation to determine an updated Market Value for the purposes of disposal. The Council will also look to offset any costs associated with the disposal from this capital receipt.

Summary of legal implications

13. The Council is empowered to sell land that it holds, and it may do so in any manner that it wishes. This is however subject to the proviso that the Secretary of State's consent is needed to any disposal which is considered not to be best value or is to be at an undervalue.
14. The council may therefore choose to sell the property freehold (unconditionally or subject to conditions) or may offer to grant a long leasehold (of sufficient duration to enable development).
15. The offer for sale of a leasehold interest or a freehold conditional on the grant of planning permission may enable greater control over the development if, for example, mechanisms are included to ensure approval of planning applications prior to submission to the council as Local Planning Authority.
16. The offer of a sale of a leasehold interest will place obligations on the purchaser to undertake the development of the site.
17. However, it should be noted that the terms on which the land/interest in the land is offered for sale will affect the valuation of the land (which will be undertaken in accordance with the RICS Red Book.)
18. Further it should be noted that steps will need to be taken to prepare the legal title for disposal.
19. BCP Council will need to appoint an agent to assist with the sale of this asset on an open market basis by private treaty. They will deal with all expressions of interest received, negotiating heads of terms prior to acceptance of the offer. It is not possible to estimate a timescale for the marketing stage as it depends on the level of interest in the site.
20. It is only once an offer is accepted that instructions are issued for the lawyers to negotiate the formal contract & transfer. During this period the purchaser will also undertake searches and raise queries on the property which must be responded to.
21. The legal work can take at least 12 weeks from acceptance of an offer to reach contractual completion. Depending on the actions that the prospective purchaser needs to take, this timescale could be even longer and in many instances is not open to influence by the seller.
22. For these reasons it should be noted that it is not guaranteed that the capital receipt will be achieved in the 2024/2025 financial year.

Summary of human resources implications

23. There are no direct human resources implications of this decision.

Summary of sustainability impact

24. The Asset Management Plan recognises the estate should be sustainable and carbon neutral and will play a key role in the council achieving these targets. Disposal of surplus assets will reduce the council's carbon emissions.

Summary of public health implications

25. There are no direct public health implications associated with this decision.

Summary of equality implications

26. On the basis that a decision to close Westbourne Plus has already been made then this decision will not have any direct equality implications.

Summary of risk assessment

27. The key risk associated with the recommendation of this report is that prevailing economic conditions dampen demand for such sites and a disposal is not achieved.

Background papers

28. None

Appendices

Appendix A **Confidential** – Westbourne Plus Asset Details

Appendix B **Confidential** – Cross-Party Strategic Asset Disposal Working Group