

DECISION NOTICE – Cabinet Member for Resources

Report Title	Disposal of the former Lady Lodge Arts Centre Site, Goldhay Way, Orton Goldhay
Delegations Checked	This decision is proposed in accordance with the delegations for the Cabinet Member for Resources as set out at delegation number 3.8.1 (l) of Part 3 of the delegation document.
Name and contact details of officer requesting the decision	Andrew Edwards – Head of Strategic Projects (Tel. No. 384530)
Is the report or background information attached to this request exempt?	Yes The attached report/background information is NOT FOR PUBLICATION in accordance with paragraph 3 of Schedule 12A of Part 1 of the Local Government Act 1972 in that it contains information relating to financial and business affairs in respect of the proposed disposal of the Council's asset. The public interest test has been applied to the information contained within the exempt annex and it is considered that the need to retain the information as exempt outweighs the public interest in disclosing it.
Is this a Key Decision Key Decision Reference	Yes – On Forward Plan
Details of decision required	To authorise the Chief Executive, (in consultation with the Head of Strategic Property (as Corporate Property Officer), Cabinet Member for Efficiency and Resources (who will liaise with the Leader of the Council) to negotiate and conclude terms for the disposal of this asset by private treaty for the development of the site as a care home.
Reasons for recommending decision and any relevant background information	<p>The Council is seeking to deliver Capital receipts from its sale of Council assets which are surplus to requirements and meet the needs of the Council's Medium Term Financial Strategy (MTFS). The proposed sale provides an opportunity to achieve a capital receipt and is included in the 2009-2012 MTFS. Approval was given last year to the sale of this site for the development of a specialist dementia care home but the purchaser withdrew unexpectedly from the transaction, meaning that this CMDN now supersedes the earlier approval.</p> <p>The site was previously used for a number of offices and storage facilities. The majority of the buildings on the site were not compliant with the Disability Discrimination Act 2005, and substantial capital investment would have been required to bring them to the necessary standard.</p> <p>The site suffered from high levels of vandalism, break-ins and a major fire destroyed one of the principal buildings on the site in February 2008. A number of tenants also vacated the site during 2007 and 2008, and it has been impossible to find alternative tenants.</p> <p>The complex buildings were demolished in February 2009 following a full options appraisal undertaken by the Head of Strategic Property.</p>

	<p>Following the conclusion of the demolition works a full options appraisal of the options was undertaken by the City Council in relation to the future use of the site, and it was agreed that the provision of a new care facility would maximise the capital receipt for reinvestment in public services, through the Council’s capital programme and at the same time relieve the City Council of further financial and management responsibilities for the site.</p> <p>Feedback from the early stages of consultation with planning and Ward Councillors, indicated support for such a scheme. The scheme is expected to deliver the following benefits;</p> <ol style="list-style-type: none"> 1. The development of new care facilities to the general benefit of the City of Peterborough. 2. The new development will be designed to complement the existing environment and maximise the use of the existing infrastructure e.g. access road, so minimising encroachment onto land which is currently held as “Community Related Assets”. 3. The proposed scheme is likely to create up to 70 new jobs, with staffing opportunities available for the local community. 4. Schemes of this nature are important community assets and will be staffed 24/7 which is likely to reduce potential issues that might occur on a vacant site. 5. Delivery of the site can be made without the need to improve the existing access arrangements which in turn would avoid a claw back which would be triggered whereby Peterborough City Council (PCC) would contribute approximately 60% of the increase in land value as a result of such actions to the Homes and Communities Agency (formerly English Partnerships).
<p>Alternative options considered and rejected</p>	<p>Option 1 - Redevelopment for retail. The proximity of the Orton Centre already provides for the primary needs of the community and would effectively ‘pull’ custom away from the Lady Lodge Site. A retail development in this location would provide units with low rental incomes and is therefore not the preferred option and would have been contrary to planning policy.</p> <p>Option 2 - Redevelopment for Industrial use. This is predominantly a residential area with some retail. Research shows low rental values and difficulties in securing tenancies. A development of this nature is likely to receive high levels of objections from local residents on the grounds of noise, disturbance, pollution and the passage of heavy goods vehicles. Vandalism is likely to persist during unoccupied periods or after business hours and we do not recommend this option. Further it is unlikely to secure planning given proximity to a residential area.</p> <p>Option 3 - Redevelopment for office use. When previously occupied the site included office accommodation. This has been proven to be an unpopular location for office accommodation which would result in difficulty in lettings and subsequent void periods which will encourage the kind of vandalism which has been seen in the past and which PCC wish to avoid.</p> <p>Option 4 -Travellers Site. This option is not suitable for this location which is predominantly an established residential area of generic housing.</p> <p>Option 5 - Redevelopment for Housing. The site could provide a suitable site for the redevelopment of housing although early consultation with Ward Councillors suggests that housing is not the preferred option. A recent valuation of the site for housing suggested a lower capital receipt than if sold to a care home provider and therefore we do not recommend this option.</p>

Declarations / conflict of interest	Declarations of any other Cabinet Members consulted by the Cabinet Member making the decision. <i>The Cabinet Member should be reminded to declare any interests/conflicts of interest here.</i>			
Dispensations granted	In respect of any declared conflict of interest in relation to the decision, any dispensation granted by the Secretary of State/Standards Committee. <i>The Cabinet Member should detail any dispensations granted in this box.</i>			
Consultation (officers/ward councillors) <i>Legal and finance should be consulted regarding the proposals. Ward Councillors, other Cabinet Members and officers should be consulted if the proposals will have an impact on their service area/ward.</i>	Section	Name	Outcome	Date
	Ward Councillors <i>(if decision is ward specific)</i>	Cllr Goodwin Cllr Murphy Cllr Winslade	Approved Approved providing S106 monies can be directed to improve existing community facilities from the sale of the site. Approved	
	Legal	Carrie Denness	Approved	10 th February 2010
	Finance	Steve Pilsworth	Approved	3 rd February 2010
	Democratic Services	Lindsay Tomlinson	Approved	10 th February 2010
	Procurement Project Director <i>(if decision is contract/procurement related)</i>	N/A		
	Head of Strategic Property <i>(if decision is property related)</i>	Andrew Edwards		
	Other Officers / Members	N/A		
Director's approval <i>Directors are requested not to sign if the above section is incomplete</i>				Date
Date sent to Cabinet Member if key decision	<i>To be inserted by Democratic Services</i>			
If key decision – date decision may be taken	<i>To be inserted by Democratic Services</i>			
Cabinet Member approval				Date
Reasons for making decision Please tick one of the Options	Option 1 I agree with the officer's reasons for recommending the decision.			
	Option 2 I agree with the officer's reasons for recommending the decision and have the following additional comments to make.			
Once signed by Director, please pass to Democratic Services. We will contact the Cabinet Member and arrange for signature.				

CABINET MEMBER FOR RESOURCES	
MARCH 2010	PUBLIC REPORT

Cabinet Member(s) responsible:	Councillor D Seaton, Cabinet Member for Resources	
Contact Officer(s):	Andrew Edwards – Head of Strategic Property	Tel. 01733 384535

DISPOSAL OF FORMER LADY LODGE ARTS CENTRE, GOLDHAY WAY, ORTON GOLDHAY, PETERBOROUGH

R E C O M M E N D A T I O N S	
FROM : Richard Hodgson – Head of Strategic Property	Deadline date :
<p>The Cabinet Member is asked to:</p> <p>Authorise the Chief Executive in conjunction with the Head of Strategic Property (as Corporate Property Officer), Director of Strategic Resources and Cabinet Member for Resources (who will liaise with the Leader of the Council) to negotiate and conclude the sale of this surplus asset based on best consideration principles to a single care home developer.</p>	

1. ORIGIN OF REPORT

1.1 This report is submitted to the Cabinet Member for Resources because a decision is required on a matter that is a key decision.

2. PURPOSE AND REASON FOR REPORT

2.1 The purpose of this report is to provide additional background information to the Cabinet Member for Resources on the key decision placed before him.

2.2 This report is for the Cabinet Member for Resources to consider under his Terms of Reference No. 3.8.1 (I) of Part 3 of the delegation document.

2.3 The attached report/background information is NOT FOR PUBLICATION in accordance with paragraph 3 of Schedule 12A of Part 1 of the Local Government Act 1972 in that it contains information relating to the sale of Council property and the commercial sensitivity surrounding any contractual discussions with third parties . The public interest test has been applied to the information contained within the exempt annex and it is considered that the need to retain the information as exempt outweighs the public interest in disclosing it.

3. TIMESCALE

Is this a Major Policy Item/Statutory Plan?	NO	
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4. BACKGROUND

The Lady Lodge complex had previously been in decline for many years with consistent levels of crime and anti-social behaviour escalating to arson attacks and eventual loss of the Dutch Barn. Given the continued drain on resources including the provision of 24/7 security and the level of investment required in order to comply with current legislation for

the letting of commercial property, the complex was demolished in February 2009, following consultation with Ward Councillors.

In June of 2009 approval was given for the disposal of the site as a specialist care home to cater for young people with cognitive disorders including early onset dementia. A contract was issued to the proposed purchasers but they subsequently withdrew from the purchase, having identified a site more suited to their specific needs. A new purchaser has now been identified who wish, subject to the grant of detailed planning permission, to develop a new care home for the elderly. This CMDN therefore supersedes the earlier approval.

5. CONSULTATION

As part the Council's consultation process for the original CMDN, a briefing was arranged for the three local Ward Councillors in order that views could be exchanged. Up to date views are now being sought from the Ward Councillors on this revised proposal and this Decision Notice forms part of this consultation.

6. ANTICIPATED OUTCOMES

An approval from the Cabinet Member for Resources for the recommendations set out in this report. This will ensure that as a Council we will be able to deliver programmed/budgeted capital receipts and limit future management and financial implications of holding sites which are surplus to Council requirements.

7. REASONS FOR RECOMMENDATIONS

The Council is seeking to deliver Capital receipts from its sale of Council assets which are surplus to requirements and meet the needs of the Council's Medium Term Financial Strategy (MTFS). The proposed sale provides an opportunity to achieve a capital receipt and is included in the 2009-2012 MTFS.

The site was previously used for as an arts centre and more latterly as offices and storage facilities. The majority of the buildings on the site were not compliant with the Disability Discrimination Act 2005, and substantial capital investment would have been required to bring them up to the necessary standard, adapt and put back into good condition.

The site suffered from high levels of vandalism, break-ins and a major fire destroyed one of the principal buildings on the site in February 2008. A number of tenants also vacated the site during 2007 and 2008, and it has been impossible to find alternative tenants.

The complex buildings were demolished in February 2009 following a full options appraisal undertaken by the Head of Strategic Property.

Following the conclusion of the demolition works a full options appraisal of the options was undertaken by the City Council in relation to the future use of the site, and it was agreed that the provision of a new care facility would maximise the capital receipt for reinvestment in public services, through the Council's capital programme and at the same time relieve the City Council of further financial and management responsibilities of the site. Feedback from the early stages of consultation indicated support for such a scheme. The scheme is expect to deliver the following benefits;

1. The development of new care facilities to the general benefit of the City of Peterborough.
2. The new development will be designed to complement the existing environment and maximise the use of the existing infrastructure e.g. access road, so minimising encroachment onto open space fronting the site.
3. The proposed scheme is likely to create up to 70 new jobs, with staffing opportunities for the local community.

4. Schemes of this nature are important community assets and will be staffed 24/7 which is likely to reduce the problems associated with the current use of the facility

5. Delivery of the site can be made without the need to improve the existing access arrangements which in turn would avoid a claw back which would be triggered whereby Peterborough City Council (PCC) would contribute approximately 60% of the increase in land value as a result of such actions to the Homes and Communities Agency (formerly English Partnerships) under the "Community Related Asset" arrangements. Alternative uses such as residential are more likely to trigger clawback as access arrangements would be different.

8. ALTERNATIVE OPTIONS CONSIDERED

Option 1 - Redevelopment for retail. The proximity of the Orton Centre already provides for the primary needs of the community and would effectively 'pull' custom away from the Lady Lodge Site. A retail development in this location would provide units with low rental incomes and is therefore not the preferred option and also contrary to planning policy.

Option 2 - Redevelopment for Industrial use. This is predominantly a residential area with some retail. Research shows low rental values and difficulties in securing tenancies. A development of this nature is likely to receive high levels of objections from local residents on the grounds of noise, disturbance, pollution and the passage of heavy goods vehicles. Vandalism is likely to persist during unoccupied periods or after business hours and we do not recommend this option. Further it is unlikely to secure planning given proximity to a residential area.

Option 3 - Redevelopment for office use. When previously occupied the site included some office accommodation. This has been proven to be an unpopular location for office accommodation which would result in difficulty in lettings and subsequent void periods which will encourage the kind of vandalism which has been seen in the past and which PCC wish to avoid.

Option 4 - Travellers Site. This option is not suitable for this location which is predominantly an established residential area of generic housing.

Option 5 - Redevelopment for Housing. The site could provide a suitable site for the redevelopment of housing although early consultation with Ward Councillors suggests that housing is not the preferred option. A recent valuation of the site for housing suggested a lower capital receipt than if sold to a care home provider and therefore we do not recommend this option.

9. IMPLICATIONS

The implication of not selling the site will mean that no capital receipt will arise, meaning a probable scaling down of the Council's Capital reinvestment programme.

10. BACKGROUND DOCUMENTS

Used to prepare this report, in accordance with the Local Government (Access to Information) Act 1985)

The Corporate Asset Management Plan