

Freehold Disposal of Osler House



Report to:	Cabinet
Date:	30 November 2023
Portfolio Holder:	Councillor James Leppard, Portfolio Holder for Finance and Governance
Lead Officer:	James Gardner, Assistant Director - Regeneration (01279) 446449
Contributing Officer:	Will Hales, Senior Property and Assets Manager (01279) 446852
Key Decision:	Yes
Forward Plan:	Forward Plan number I016349
Call In:	This item is subject to call in procedures
Corporate Priority:	Secure investment into Harlow
Wards Affected:	Harlow Common

Recommended that Cabinet:

- A** Declares Osler House as surplus to requirements.
- B** Approves plans to dispose of the Council's freehold interest in Osler House via private treaty to Mind in West Essex.
- C** Delegates authority to the Assistant Director – Regeneration, in consultation with the Portfolio Holder for Finance and Governance, to negotiate and finalise the terms of the disposal and (subject to being satisfied that it would be for the best consideration reasonably obtainable) thereafter procure the legal completion of the sale documentation.

Reason for decision

- A** To generate a capital receipt to help fund the Council's Capital Programme and reduce the need for borrowing.

- B** To eliminate future revenue and capital cost liabilities associated with holding the property, including capital refurbishment costs, business rates, insurance, security, utility charges and maintenance.
- C** To, at no cost to the Council, facilitate the refurbishment and beneficial re-use of the property.

Other Options

- A** It is proposed that the option of retaining the property and refurbishing it to re-let be dismissed, due to capital investment requirements.
- B** It is also proposed that the option of openly marketing the property for sale be dismissed, for the reasons set out below.

Background

1. Osler House is a ground floor property extending to approximately 3,740sq.ft located within the Potter Street Neighbourhood Shopping Centre.
2. The West Essex Clinical Commissioning Group withdrew funding support for the former Medical Practice at Osler House which led to the closure of the service in April 2018. The then owners of the property, Harlow Health Centres Trust were unable to identify another service provider, consequently Osler House remained vacant.
3. Harlow Council acquired the freehold of Osler House from Harlow Health Centres Trust in October 2019 with a view to bringing the property back into active use. Various future use options for the building were subsequently considered, however viability issues exacerbated by significant build cost inflation have prevented any schemes progressing.
4. The property is now in a poor condition which detracts from the recently refurbished Neighbourhood Centre. Therefore, consideration has been given to alternative options for bringing the property back into active use, including a targeted freehold disposal to occupiers who would make a positive contribution to the site and the wider local area.

Issues/Proposals

5. Mind in West Essex (Company Number 04369554) have expressed a firm expression of interest in acquiring the property, their intention being to refurbish the building and use it as a centre for the promotion of health and wellbeing, with a focus on providing guidance and support to individuals and families suffering from mental health problems.

6. This interest presents Harlow Council the opportunity to generate a capital receipt from the disposal of an underperforming asset, whilst at the same time facilitating the reuse of the property for activities that will benefit the residents of Harlow.
7. For the following reasons, it is recommended that the Council dispose of the property by private treaty, in the absence of a full open marketing campaign:
 - a) Notwithstanding a lack of open marketing, Harlow Council can evidence that the proposed transaction is representative of best consideration via the procurement of a formal independent 'Red Book valuation'.
 - b) Mind in West Essex have begun to outgrow their existing site at 10-11 Bush House, Bush Fair. Therefore, a direct sale via private treaty will support the retention of West Essex Mind in Harlow and help to safeguard the ongoing delivery of their important community services.
 - c) The services delivered by Mind in West Essex as outlined within their Charitable 'Vision', 'Mission', 'Objects and 'Activities' set out in Appendix 1 to this report, would at no cost the Council broadly support the aims and objectives set out in Harlow Council's Health & Wellbeing Strategy.
 - d) The proposal would introduce a community use into the existing Neighbourhood Centre that would, without creating any commercial conflict or competing uses, generate significant footfall that would support the viability and vitality of the Neighbourhood Centre as a whole.
8. Should Cabinet approve the recommendation set out within this report, it will be necessary to commission a formal independent valuation to verify initial valuation advice, and evidence that best value has been obtained for the purpose of compliance with Section 123 of the Local Government Act 1972.

Implications

Equalities and Diversity

Osler House is a vacant property, therefore this proposal has no specific equalities and diversity implications.

Climate Change

This proposal has no specific implication on climate change.

Communities and Environment

As set out within the report, the intentions of the disposal align to the Council's Health and Wellbeing Strategy and will bring a community asset back in to a use that will benefit the local and wider community of Harlow.

Author: Simon Freeman, Deputy Chief Executive and Director of Finance

Finance

Ostler House was purchased by the Council from the Harlow Healthcare Trust. Subject to the final valuations for its disposal to MIND as set out in this report it is likely that due to the continued deterioration of the building there could be a loss on disposal as the current valuation is likely to be below the original purchase price. This could result in a charge to revenue.

Author: Simon Freeman, Deputy Chief Executive and Director of Finance

Governance and Corporate Services

The Council has the power to dispose of Osler House under Section 123 of the Local Government Act 1972.

Section 123 of the above Act requires that best consideration (i.e. price) reasonably obtainable for the disposal be obtained by the Council unless the Secretary of State consents otherwise. This Report follows Contract Standing Orders in requiring a formal valuation for the purpose of evidencing that best consideration will have been secured. Members are advised that "best consideration" in this context means commercial or monetary value as opposed to social value.

Under Contracts Standing Orders, completion of the sale will require the benefit of a current valuation carried out by a suitably qualified and experienced valuer in accordance with paragraph 7. a) of this Report. In this regard, the valuer should have relevant sales and marketing expertise and an established track record in the market.

Following any resolution to dispose of Osler House, the Council's interests would be safeguarded as negotiations progress, ensuring that any third-party rights and matters of "title" are appropriately dealt with and ensuring, on completion of the sale, the receipt by the Council of "best consideration".

For the purposes of Contract Standing Orders, Officers are satisfied that paragraph 7 of the Report provides justification for sale by private treaty as opposed to an open and competitive bidding process.

Author: Simon Hill, Director of Governance and Corporate Services

Strategic Growth and Regeneration

The disposal of this property to MIND will assist the regeneration of the Prentice Place area by bringing an active use to a redundant building. It is not viable for the Council to restore the building and find an alternative use and so this provides an effective solution.

Author: Andrew Bramidge, Chief Executive

Appendices

None.

Background Papers

None.

Glossary of terms/abbreviations used

'Red Book valuation' - A valuation undertaken in accordance with the Royal Institute of Chartered Surveyors (RICS) Valuation Global Standards.