

East Herts Council Executive Report

Date: 7 January 2025

Report by: Jonathan Geall, Interim Deputy Chief Executive & Head Housing, Health and Property

Report title: Capital Receipts Programme – Authority to Dispose of Assets by Sale

Ward(s) affected: Hertford Sele, Ware Priory, Ware St Mary's, Ware Trinity

Summary

This report identifies assets for disposal and seeks approval for disposal by the most appropriate means.

RECOMMENDATIONS FOR EXECUTIVE – That:

- (A) the assets approved for disposal by the Executive at its meeting of 1st October 2024, as listed in paragraph 1.1, be sold by any means that will achieve best consideration for the council, with the decision on the means of disposal used for each site delegated to the Head of Housing, Health and Property;**
- (B) Southern Maltings, Ware be let on a 99 year lease to Ware Town Council for the consideration in the EXEMPT Appendix B;**
- (C) land at Hawthorn Close, Hertford be disposed of for best consideration, with authority to determine the means of disposal delegated to the Head of Housing, Health and Property;**
- (D) land at Park Road, Ware be disposed of for best consideration, with authority to determine the means of disposal delegated to the Head of Housing, Health and Property;**

- (E) the property at 34 Queen's Road Ware be disposed of for best consideration with the receipt being recycled into the council's commuted sums reserve for affordable housing and the authority to determine the means of disposal delegated to the Head of Housing, Health and Property.**

1.0 Proposal(s)

1.1 To ensure best consideration is achieved for the four assets approved for disposal by the Executive of the 1st October 2024 by removing the stipulation for disposal *by auction* and instead delegating to the Head of Housing, Health and Property authority to determine the means of disposal for each site. These sites being:

- i. land at Widford Road, Hunsdon
- ii. land at 22 Great Innings North, Watton at Stone
- iii. land at King George Road Ware
- iv. land adjacent to 65 Sele Road, Hertford.

1.2 To dispose of Southern Maltings to Ware Town Council by means of a 99 year lease for the consideration in the EXEMPT Appendix B.

1.3 To dispose of the following assets by the sales method best able to achieve best consideration for the council – site plans attached at Appendix A:

- i. Land at Hawthorn Close, Hertford
- ii. Land at Park Road, Ware
- iii. 34 Queen's Road, Ware.

2.0 Background

2.1 In support of the Medium Term Financial Plan, the council has embarked on a programme of disposal of assets which are of no or very limited value to the council by virtue of them not generating

any income and/or representing a financial liability in terms of maintenance or other costs.

- 2.2 The Executive considered a list of assets at their meeting on 1st October 2024, this report now presents a second tranche of assets that have been identified for disposal.
- 2.3 Generation of capital receipts enables the council to pay down debt and thus relieve it of interest payments and the need to make a minimum revenue provision (MRP). For every £1m of debt repaid, the council makes a revenue saving around £85,000 in combined interest and MRP avoided.
- 2.4 Officers estimate that the assets proposed for disposal in this report would achieve in the region of £900k to £1.0m in combined receipts, thus giving a revenue saving of around £85,000. The estimated value of the asset proposed for disposal in this report is presented in the EXEMPT Appendix B.

3.0 Reasons

Southern Maltings, Ware

- 3.1 Southern Maltings is an investment property which is currently leased to the Southern Maltings Community Group. Previous attempts by East Herts Council to sell the Grade II listed building for redevelopment were unsuccessful in 2014. A view that the building should be saved led to the council agreeing to lease the asset on commercial terms to the Southern Maltings Community Group for community uses and an arts centre.
- 3.2 Ware Town Council have been working with East Herts and the community group to acquire a long headlease of the building to assist with the continued use of the building as a Community Arts Centre. The long lease of this property will mean the council would no longer receive any rental income, but would unlock the value

from a capital receipt, whilst ensuring the continued community use and preservation of the listed building.

- 3.3 Lease terms and a lease payment have been agreed with Ware Town Council so this report is seeking approval to grant a 99 year lease to the Town Council.

Land at Hawthorn Close, Sele Farm

- 3.4 The land is a brownfield site surrounded by residential properties. It consists of a large hard standing and a garage which the council currently uses for storage. The site previously contained a prefabricated building used by the St Johns Ambulance service for training. The agreement with St Johns Ambulance ended in 2015 and the building was removed.

- 3.5 The site is not an ideal council storage facility due to lack of utilities, poor location and restricted access and has only been used on an opportunistic basis. Alternative storage within the council's estate has been found, thus officers recommend a sale to unlock the site's value and to facilitate a redevelopment. The site could have some residential potential or could work for a community or third sector group under its current planning use.

Land at Park Road, Ware

- 3.6 The land at Park Road is currently used under licence for private parking, with a peppercorn income. This site is next to a pair of semi-detached bungalows in private ownership.
- 3.7 Previously, the council explored purchasing the two bungalows, then provided as alms houses, in 2020 so as to assemble a larger land holding. The council, however, could not form a financially viable business case for acquisition.
- 3.8 Officers recommend the sale of this land which has the potential for a single house development.

34 Queen's Road, Ware

- 3.9 34 Queen's Road, Ware is residential semi-detached house in Ware. In late 2021, the council acquired it from a private owner who had gutted the inside and gained planning permission to create two flats. The council bought the property using commuted sums held for affordable housing as the plan was to complete the conversion and thus create two self-contained flats to use as temporary accommodation for homeless households. As the property is not in a habitable state, the council has not incurred any council tax liability.
- 3.10 Since acquisition, significant building cost inflation following the pandemic has undermined the financial viability of the works. The council is currently finalising an agreement with a private landlord to lease five self-contained flats in Hertford for use as temporary accommodation. For the first time, this would provide the council with temporary in the Hertford/Ware part of the district and thus obviates the pressing need for the two units that had been planned for 34 Queen's Road. The need for more temporary accommodation to minimise the use of bed and breakfast hotel rooms when the council's hostels remains and so the receipt from this disposal would return to the commuted sums pot for reallocation for alternative scheme(s) to provide temporary accommodation or affordable housing.
- 3.11 Officers thus recommend disposal of 34 Queen's Road, Ware with the capital receipt from this sale, of necessity, returning the commuted sums pot for allocation for alternative affordable housing schemes. It is expected the property would be acquired by a developer or private individual for complete refurbishment as a private dwelling.

4.0 Options

- 4.1 Retain some or all of the asset discussed in this report. NOT

RECOMMENDED as it is in the council's interest to dispose of underused assets and those which are in fact a financial liability given the need for investment.

5.0 Risks

5.1 As with any property disposal, there is a risk that an acceptable sales price cannot be achieved. This risk will be mitigated by disposing of each site in line with officers' and their agents' professional advice and expertise as, indeed, the council is obliged to achieve best consideration.

5.2 Also, as with any sale there is the risk that the neighbours or close community may not welcome a change in ownership and/or use of the land or buildings. Any alternative use would be subject to planning approval which affords interested parties the opportunity to raise their objections or concerns.

6.0 Implications/Consultations

6.1 Should members approve for disposal any/all of the assets presented in this report, prior to actual disposal ward members of the wards affected would be notified and briefed. As noted above, any change of use would be subject to the appropriate planning permission.

Community Safety

None arising directly from this report.

Data Protection

None arising directly from this report.

Equalities

None arising directly from this report.

Environmental Sustainability

Any future works, redevelopment or change of use of any of the assets covered in this report would be subject to planning permission and building control. This is likely to maximise environmental sustainability improvements.

Financial

Finance colleagues have been consulted about these disposals. As noted in the report, every £1m of receipts would enable the paying down of a commensurate level of debt and thus relieve the council of around £85,000 of revenue liabilities. Future disposals are being modelled in the council's Medium Term Financial Plan.

Health and Safety

Disposing of surplus assets or aging assets relieves the council of any future health and safety responsibilities, which are only set to increase as the condition of those assets deteriorates.

Human Resources

None arising directly from this report.

Human Rights

None arising directly from this report.

Legal

For any site approved by the Executive for disposal, the Head of Housing, Health and Property shall work with colleagues to ensure an appropriate means of disposal such that s123(2) is adhered to, that is, the council will **not** dispose of any site *'for consideration less than the*

best that can be reasonably obtained'.

**Ward(s) affected: Hertford Sele, Ware Priory, Ware St Mary's,
Ware Trinity**

7.0 Background papers, appendices and other relevant material

7.2 Appendix A Location plans of each asset

7.1 Appendix B List of estimated asset values – EXEMPT

Contact Member

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