

<b>Subject:</b>	<b>Wellsbourne Site - Proposed Redevelopment</b>		
<b>Date of Meeting:</b>	<b>20<sup>th</sup> November 2008</b>		
<b>Report of:</b>	<b>Interim Director, Finance &amp; Resources</b>		
<b>Contact Officer:</b>	<b>Name:</b>	<b>Angela Dymott, Assistant</b>	<b>Tel:</b>
		<b>Director, Property &amp; Design</b>	
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<b>Key Decision:</b>	<b>No</b>		
<b>Wards Affected:</b>	<b>East Brighton</b>		

**FOR GENERAL RELEASE****1. SUMMARY AND POLICY CONTEXT:**

- 1.1 To note that a lease surrender has been negotiated on the Wellsbourne site, Whitehawk Road which was formerly part leased to East Brighton Trust, EBT (formerly EB4U) with EBT and that the property is back in the council's control.
- 1.2 To support the Primary Care Trust (PCT) and their developers Ashley House (AH Medical Properties) in the development of an integrated health and early years facility through the disposal of a long leasehold interest on part of the site, the demolition of the existing vacant Wellsbourne Centre building (former EBT main offices) and to note the potential for future residential development on the remainder of the site. This report is complemented by a report in part two of the Agenda.

**2. RECOMMENDATIONS:**

That the Cabinet approves

- (1) the disposal of part of the site to AH Medical Properties plc (Ashley House, the developers for the PCT) for the development of an integrated health facility, GP surgery, on a long lease for a premium on terms to be agreed and finalised by the Interim Director of Finance & Resources. See Appendix A for attached Plan.
- (2) the demolition proposal of the existing vacant Wellsbourne Centre building. (shown dashed on the Appendix A, attached plan)

### **3. RELEVANT BACKGROUND INFORMATION/CHRONOLOGY OF KEY EVENTS:**

- 3.1 In 2002 the council leased the Wellsbourne Centre, a school building declared surplus, to the East Brighton Partnership (EBP) to assist them with their management and delivery of the New Deal for Communities (NDC) regeneration programme. The lease was for 20 years at a peppercorn rent with a break clause in 2012. (The East Brighton Partnership was later renamed eb4U Ltd (EB4U) and more recently renamed East Brighton Trust (EBT)).
- 3.2 In 2006 part of the site was surrendered back to the council to allow the construction of the Roundabout Children's Centre, for which EB4U invested £1m. The construction of the Children's centre was completed in 2006.
- 3.3 Prior to construction of the children's centre EB4U had begun initial negotiations with the Brighton & Hove Primary Care Trust (PCT) for another part of the Wellsbourne site to be used for the construction of a health facility – a GP surgery, to accommodate two existing local practices in need of modern premises and facilities. The Children's Centre was designed so that the GP surgery could link in allowing the provision of a range of integrated services from two interconnecting buildings.
- 3.4 The council continued negotiations with the PCT's developers Ashley House to grant them a long lease of part of the site for them to construct the health facility. Terms have been agreed for a 125 year lease at a premium less the value of any s106 contribution over £25,000. Planning permission for the GP surgery was granted in September 2008 and s106 contributions are thought to be in the region of £30,000. It is anticipated that Ashley House will begin on site either towards the end of 2008 or the beginning of 2009.
- 3.5 In order to be in a position to grant a long lease to Ashley House the council needed to take a surrender of the lease from EBT. East Brighton Trust originally approached the council with a proposal which included the redevelopment of the remainder of the site to be led by EBT. This prompted the council to look more closely at the site's development potential and produce an initial masterplan which included a residential redevelopment on the remainder of the site after the construction of the integrated health and children's centre facility.
- 3.6 The council and EBT continued negotiations for the surrender of the lease on the basis of the council paying EBT a premium for the surrender which has 4 years term certain remaining. At the end of March 2008 EBT vacated the building in anticipation of the surrender and in September 2008 EBT, keen to transfer the liabilities associated with managing and maintaining the vacant building, agreed terms for the lease to be surrendered at nil premium. This transaction was completed under delegated powers.
- 3.7 Control of the building and site now rests with the council until its redevelopment and with it responsibility for the management and maintenance of the site. Because of its construction and location the site is particularly vulnerable. During

EBT's control of the building it was broken into several times and has been a target for fly-tipping and vandalism. Of greater concern are the frequent incidents of unauthorised access onto the roof and not only the damage caused but also the danger to intruders of either falling off or through the roof. The council must take all reasonable steps to protect those to whom it has a duty of care and to ensure it complies with the requirements of its insurance policies.

- 3.8 Security arrangements have been put in place to eliminate or reduce the risks identified and the ongoing costs and liabilities will remain until the building is either occupied or demolished. The property is generally in a dilapidated state and will require substantial investment prior to occupation to repair the roof, heating system, windows, decorations and IT installation. Given the age, configuration and location of the property it is of little value as an investment property and its potential is limited as an operational building.
- 3.9 The alternative is to demolish the building. The PCT's developer Ashley House have offered to complete this on behalf of the council under contract at nil cost, provided the construction of the integrated health facility, GP surgery, goes ahead. The costs for demolition have been included within Ashley House's budget for the GP surgery development as it is more economical for Ashley House to demolish all of the remaining building than the alternative, to demolish part and make good. In addition the cleared site will make access and construction of the health facility easier. Ashley House are willing to carry out the demolition prior to starting construction of the new build to assist in minimising the council's liabilities.

#### **4. CONSULTATION**

- 4.1 Consultations have been held with Housing officers and other relevant internal parties. EBT have been involved in discussions throughout the process. Managers of the Roundabout Childrens Centre have been consulted on aspects which have a direct effect on the management of the service.
- 4.2 Brighton and Hove PCT and Ashley House have been informed of our discussions with EBT in relation to the lease surrender.

#### **5. FINANCIAL & OTHER IMPLICATIONS:**

##### Financial Implications:

- 5.1 The building would require substantial capital investment prior to occupation in the event that the council considers keeping the property. No resources have been identified within the capital programme to undertake this level of work should this option be considered. The property has a negligible market value as a result of its age, location and condition.

The granting of a 125-year lease to the developers will generate a premium less the value of any S106 contribution over £25,000. This capital receipt will be used

to provide resources toward the capital strategy. The demolition and construction of the proposed GP surgery will be undertaken by Ashley House at nil cost to the council.

The council currently incurs ongoing costs in relation to security and maintenance of the building. Any revenue savings will contribute toward the council's revenue budget savings.

Finance Officer consulted: Rob Allen, Strategic Finance Date: 25/09/2008

Legal Implications:

- 5.2 S123 of the Local Government Act 1923 enables the council to dispose of this property provided it is at the best consideration reasonably obtainable. No individuals Human Rights Act rights will be adversely affected by the recommendation in this report.

Lawyers Consulted: Anna MacKenzie, Date: 26/09/2008

Equalities Implications:

- 5.3 The construction of the GP Surgery will provide a modern purpose built facility to house two existing local practices and expand the services available to the local community.

Sustainability Implications:

- 5.4 As part of the planning application process sustainability implications of the design and construction will be considered.

Crime & Disorder Implications:

- 5.5 Whilst the Wellsbourne Centre is vacant it is vulnerable to unauthorised access, malicious damage and flytipping. As well as protecting the building the council must ensure it takes reasonable steps to reduce or eliminate the risk to the council and those accessing the site.

Risk & Opportunity Management Implications:

- 5.6 The development of a GP surgery on the site will result in a much improved and expanded GP healthcare service to the residents of Whitehawk. The long-term development potential of the site also provides an opportunity to provide further investment and improve the built environment of this part of Brighton. The main risks associated with this site in the short-term relate to the management of the vacant building and site and the mitigation of potential liability to the council

### Corporate / Citywide Implications:

- 5.7 The redevelopment of this vacant site is an appropriate use of a surplus council asset and the provision of an integrated health/early years facility supports the council's priorities.

### **6. EVALUATION OF ANY ALTERNATIVE OPTION(S):**

- 6.1 If Ashley House were to demolish only those parts of the building necessary to allow the construction of the health facility, GP Surgery and make good what remains, the partial building will need to be made safe and managed until plans are put in place for the redevelopment of the remaining site. A partially demolished building may need extra investment and resources to ensure that it is structurally sound and safe. Also as a vacant and vulnerable building the council will need to address the risks and protect the building from unauthorised intruders on site. This too would require extra investment and resources that would not prove to be proportionate to its retention and thus would not represent value for money.

### **7. REASONS FOR REPORT RECOMMENDATIONS**

- 7.1 The Wellsbourne site was identified as surplus to requirements and leased to EBT in 2002 at nil consideration. EBT vacated the site and the Wellsbourne Centre building in March 2008 and surrendered both back to the council in September 2008. Part of the building has been demolished for the construction of the children's centre and more of the building will need be demolished to allow the construction of the integrated health facility, GP surgery, by Ashley House on behalf of the PCT. The GP surgery will offer a much wider range of health services for the benefit of the local community. This proposal meets one of the council's own objectives of reducing inequality by improving and expanding health services, integrating these with early years provision and further represents an appropriate use of a surplus land and property asset.
- 7.2 Following the transfer of part of the site to Ashley House by way of a long lease, the remainder of the site will remain within the council's control. Consisting of the Wellsbourne Centre - a part demolished and dilapidated school building with car park and grounds. As a vacant site it represents a liability to the council which requires constant management and maintenance to ensure we meet our duty of care, particularly to unauthorised intruders who access it. The risks and liabilities associated with managing the vacant site can be reduced by occupying it as an operational building temporarily which will require substantial investment. The alternative is for the site to be demolished which Ashley House have offered to carry out at nil cost to the council. This reduces the risks and liabilities to the council and offers a value for money solution.

### **SUPPORTING DOCUMENTATION**

#### **Background Documents**

1. P&R Committee Report 19 October 2005 - Capital arrangements for Moulsecoomb and Whitehawk Children's Centre.

