

## PERTH AND KINROSS COUNCIL

Housing and Health Committee – 9 March 2016

Property Sub Committee – 2 March 2016

### TRANSFER OF LAND AT THE FORMER GLEBE SITE AND BIRCHWOOD HOUSE SCONE FOR NEW BUILD HOUSING

**Report by Depute Chief Executive, HCC (Corporate and Community Development Services) and Director (The Environment Service)**

The purpose of this report is purely to seek authority for the transfer of two sites to the Housing Revenue Account (HRA) to enable new build housing in the future. These sites are the former Glebe School and the site of Birchwood House, Birch Avenue in Scone.

#### 1. BACKGROUND

##### Glebe School Site

- 1.1 The site of the former Glebe school originally comprised a main building, three residential blocks and a respite centre (Capers Cottages), all within a site extending to 3.58 Ha (8.87 Acres). All of the buildings have now been demolished. There is a large playing field to the south of the school building area and this continues to be used by local football teams.
- 1.2 The Glebe School site was declared surplus to Council requirements by Education and Children's Services and the receipt from a sale will accrue to the Investment In Learning programme.
- 1.3 The Local Development Plan identifies the site as having potential for 100 residential units / community use and a feasibility study on the future use of the site is currently being carried out. The playing fields would have to be retained for community use as part of any redevelopment proposal because of title restrictions, and in addition, the fields are well used by the local community.
- 1.4 At present, the road serving the site is not considered suitable for a major housing development, however, additional access could be constructed through a woodland strip separating the Glebe from Catmoor Avenue.

##### Birchwood House Site

- 1.5 The site of the former Birchwood House comprises a building (which is to be demolished) and associated car parking. The site extends to 0.49 Ha (1.19 Acres).
- 1.6 Birchwood House is surplus to Council requirements for Community Care Services and the General Fund Account will receive a receipt from transfer of the site to the HRA.

- 1.7 The Housing and Health Committee agreed a report in January 2016 (Report 16/24) to create two types of housing on this site: 8 x 1 bedroom units which would be flexible for use as specialist or mainstream accommodation; and 12 mainstream housing units.
- 1.8 Demand for social housing is very high in Scone and it is a high priority for the Council to secure additional affordable housing in the Scone area. Proposals for additional new social rented housing in Scone are therefore given a high priority in the Strategic Local Programme of Investment in new social housing which is agreed with the Scottish Government.
- 1.9 The Scottish Government has confirmed that funding is available through the Affordable Housing Investment Programme (AHIP) to assist the Housing Revenue Account (HRA) to acquire both the sites from the General Fund, however, funding conditions include that the transfer must conclude on or before 31 March 2016.

## **2 PROPOSALS**

### **Glebe School Site**

- 2.1 It is proposed that the site of the former Glebe school is transferred to Housing and Community Care and that the transfer is funded from the Affordable Housing Investment Programme (AHIP) for the purposes of taking forward an affordable housing or mixed tenure housing development.
- 2.2 It has been estimated that the value of the land for affordable housing in this area would be £10,000 per house. The Strategic Local Development Plan indicates that this site is likely to be suitable to accommodate 100 houses. This would result in a value of £1m on the basis that the entire site is developed for affordable housing.
- 2.3 A mixed tenure development is preferred for this site which would mean that the final value of the land would vary according to the mix of housing tenure built. It is therefore proposed that any increase in the value of the site above the baseline for affordable housing of £1M should be paid to the General Fund on a deferred receipt basis. A mixed tenure development on the site will require the site to contain at least 25% affordable housing, i.e. 25 houses. Assuming the Council was to construct the new build affordable housing, the £1m funding is roughly equivalent to current levels of Scottish Government funding for the build of 25 new affordable houses.
- 2.4 Options for developing a mixed tenure housing development are currently being considered. The Council will develop a brief for the site incorporating proposals for retaining the playing field/open space. This part of the site is subject to a title restriction which prohibits building and proposals for the playing fields will be reviewed when the preferred development proposal for the Glebe site is known.

- 2.5 Following preparation of the development brief, Housing & Health Committee will decide if the site should be sold on to a Registered Social Landlord (RSL) partner to be taken forward, or if it would be beneficial for the Council to remain in control of the development of the site. There are restrictions in the respective titles to the site relating to use and access which are contractually binding on the Council and would require to be addressed if the intention was for the Council to develop the site itself. These contractual restrictions would not be binding on any party to whom the Council sold the site.
- 2.6 If the site were to later be transferred to a RSL this would be reported to Committee at a future date.
- 2.7 The main heads of terms for the transfer are summarised as below;
- i) The sale price will be £1M and an additional payment will be made if there is an increase in the value of the site resulting from any future variation of the housing tenure.
  - ii) The transfer of the site to Housing and Community Care (HRA) to conclude in the financial year 2015/16.
  - iii) The site is capable of being developed for a mix of social and private housing.
  - iv) The transfer is subject to the Council obtaining Scottish Government funding to cover the cost of transferring the site. The grant funding will be deducted from the total grant funding the Council will receive from the Scottish Government for Council housing subsequently built on this site. If the site was to be sold to an RSL at a later date the necessary adjustments to Scottish Government grant funding would be made.
  - v) The site being transferred to Housing and Community Care is the entire site, although the existing games pitch will be retained for community use.
  - vi) Other terms and conditions agreed to the satisfaction of the Head of Planning & Development and the Head of Legal and Governance Services.

### **Birchwood House Site, Birch Avenue**

- 2.8 It is proposed that the site of the former Birchwood House is transferred to the Housing Revenue Account (HRA) and that the transfer is funded by the Scottish Government through the Affordable Housing Investment Programme (AHIP) for the purposes of taking forward an affordable housing development incorporating some housing to meet particular needs.
- 2.9 In line with the Glebe School site, it has been estimated that the value of the land for affordable housing in this area would be £10,000 per house. A feasibility study commissioned by the Council indicates that this site could accommodate 20 houses with parking, which results in a gross value of £200,000. The demolition costs have been estimated at £70,000 thus producing a net market value of £130,000.

2.10 The main heads of terms for the transfer are summarised as below;

- (i) The net sale price will be £130,000.
- (ii) The transfer of the site to Housing & Community Care (HRA) to conclude in the financial year 2015/16.
- (iii) The transfer is subject to the Council obtaining Scottish Government funding to cover the cost of transferring the site. The grant funding will be deducted from the total grant funding the Council will receive from the Scottish Government for Council housing build on this site.
- (iv) Other terms and conditions agreed to the satisfaction of the Head of Planning & Development and the Head of Legal Services.

### **3. BEST VALUE AND BEST CONSIDERATION**

3.1 The Council is required to fulfil its statutory duties under Best Value as set out in Section 1 of the Local Government in Scotland Act 2003. Relevant aspects of this duty include:

- Making best use of public resources, including land and property.
- Being open and transparent in transactions.
- Ensuring sound financial controls are in place to minimise the risk of fraud and error.
- Assessing the full financial consequences of decisions at an appropriate level before major financial decisions are taken or commitments entered into.
- Demonstrating responsiveness to the needs of communities, citizens, customers and other stakeholders, where relevant.

3.2 The Council also has a statutory duty in terms of Section 74 of the Local Government (Scotland) Act 1973 to achieve best reasonable consideration when it disposes of its land and buildings.

3.3 The sites have been valued by a Registered Valuer for Affordable Housing at a value of £10,000 for each affordable house to be built as being the current market value and the terms of transfer to the HRA are therefore consistent with the requirement to secure best consideration for the Council. In the case of the Glebe School Site, any enhancement of the site value will be accounted for under the approved uplift proposal.

3.4 The value of £1m for the Glebe School site and £130,000 for the Birchwood House Site to be paid by the Scottish Government through the Affordable Housing Investment Programme (AHIP) in line with Scottish Government guidance on the transfer of assets between General Fund and HRA, as detailed in the 'Guidance on the Operation of Local Authority Housing Revenue Accounts (HRA's) in Scotland' February 2014.

3.5 Best Value can further be demonstrated by making best use of public resources to support the provision of at least 120 houses across the two sites, to help meet housing need in Scone and the Perth area as a whole.

- 3.6 The proposals outlined in this report are considered to be consistent with the Council's requirements in terms of the Local Government in Scotland Act 2003.

#### 4. CONCLUSION AND RECOMMENDATION

It is recommended that:

- 4.1 Subject to approval of the Housing and Health Committee on 9 March 2016 (4.2 and 4.3 refers) the Property Sub-Committee is asked to approve the transfer of the sites from General Fund to HRA on terms and conditions contained within this report and on any other terms and conditions considered appropriate by the Heads of Planning & Development and Legal Services.
- 4.2 The Housing and Health Committee approve the transfer of the site of the former Glebe School to the HRA at the market value of £1m, and that any uplift in the receipt arising from changes in housing tenure will accrue to the Investment In Learning programme.
- 4.3 The Housing and Health Committee approve the transfer of the site of the former Birchwood House to the HRA at the net market value of £130,000.

#### Authors

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#### Approved

| Name           | Designation   | Date             |
|----------------|---|------------------|
| John Walker    | Depute Chief Executive – HCC (Corporate & Community Development Services) | 8 February 2016  |
| Barbara Renton | Director (The Environment Service)  | 12 February 2016 |

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## 1. IMPLICATIONS, ASSESSMENTS, CONSULTATION AND COMMUNICATION

| <b>Strategic Implications</b>                       | <b>Yes / None</b> |
|---|-------------------|
| Community Plan / Single Outcome Agreement           | <b>Yes</b>        |
| Corporate Plan                                      | <b>Yes</b>        |
| <b>Resource Implications</b>                        |                   |
| Financial   | <b>Yes</b>        |
| Workforce   | <b>None</b>       |
| Asset Management (land, property, IST)              | <b>Yes</b>        |
| <b>Assessments</b>                                  |                   |
| Equality Impact Assessment                          | <b>None</b>       |
| Strategic Environmental Assessment                  | <b>None</b>       |
| Sustainability (community, economic, environmental) | <b>None</b>       |
| Legal and Governance                                | <b>None</b>       |
| Risk  | <b>None</b>       |
| <b>Consultation</b>                                 |                   |
| Internal  | <b>Yes</b>        |
| External  | <b>Yes</b>        |
| <b>Communication</b>                                |                   |
| Communications Plan                                 | <b>None</b>       |

### 1. Strategic Implications

- 1.1 The Perth and Kinross Community Plan 2013-2023 and the Perth and Kinross Corporate Plan 2013-18 have five concurrent outcomes which provide clear strategic direction, inform decisions at a corporate and service level and shape resources allocation. The following are relevant to this report:

- Promoting a prosperous, inclusive and sustainable economy
- Supporting people to lead independent, healthy and active lives
- Creating a safe and sustainable place for future generations

### 2. Resource Implications

#### Financial

- 2.1 The disposal of these sites will result in a capital receipt to the General Fund. The purchase price of the sites will be covered by grant funding for the development of social rented housing available from the Scottish Government. A condition of the award of this funding is that the sites will be included in the forthcoming Strategic Development programme to be developed within the next five years.

- 2.2 The costs associated with maintenance of the sites at the Glebe School and Birchwood House ahead of development taking place will be transferred to the Housing Revenue Account.

#### Workforce

- 2.3 There are no direct workforce implications regarding this report.

#### Asset Management (land, property, IT)

- 2.4 The Director ( Environment ) and the Head of Housing and Strategic Commissioning Housing and Community Care were consulted on this report and are in agreement with the proposals.

### **3. Assessments**

#### Equality Impact Assessment

- 3.1 Under the Equality Act 2010, the Council is required to eliminate discrimination, advance equality of opportunity, and foster good relations between equality groups. Carrying out Equality Impact Assessments for plans and policies allows the Council to demonstrate that it is meeting these duties.
- 3.2 The proposals have been considered under the Corporate Equalities Impact Assessment process (EqIA) with the following outcome:
- (i) Assessed as **not relevant** for the purposes of EqIA

#### Strategic Environmental Assessment

- 3.3 The Environmental Assessment (Scotland) Act 2005 places a duty on the Council to identify and assess the environmental consequences of its proposals. However, no action is required as the Act does not apply to the matter presented in this report. The matters presented in this report were considered under the Environmental Assessment (Scotland) Act 2005 and no further action is required as it does not qualify as a PPS as defined by the Act and is therefore exempt.

#### Sustainability

- 3.4 These proposals meet the following sustainability criteria:
- Where possible, using materials from sustainable sources
  - Energy conservation through improved insulation measures
  - More efficient heating systems
  - More efficient lighting systems

## Legal and Governance

- 3.5 The Head of Legal and Governance Services has been consulted and is in agreement with the terms and conditions of the proposed land transfer set out in the report.

## Risk

- 3.6 The Housing and Community Care Senior Management Team regularly review capital monitoring reports that highlight individual project progress and risks.

## **4. Consultation**

### Internal

- 4.1 The Director of Housing and Community Care, the Heads of Finance, Legal and Governance Services and Housing and Care Commissioning Strategy have been consulted on this report.

### External

- 4.2 The Scottish Government and Registered Social Landlords have been consulted on the proposals in this report, through discussions and the development of the Strategic Housing Investment Plan (SHIP).
- 4.3 The Tenant Committee Report Panel have been consulted on this report and they commented:-

“We agree, in principle the application to acquire the two sites as we are acutely aware of the need for housing. We await future development plans.”

## **5. BACKGROUND PAPERS**

- 5.1 No background papers, as defined by Section 50D of the Local Government (Scotland) Act 1973 (other than any containing confidential or exempt information) were relied upon to any material extent in preparing the above report. .

## **6. APPENDICES**

Appendices 1 and 2 provide site plans.





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**PERTH & KINROSS COUNCIL**

The Environment Service

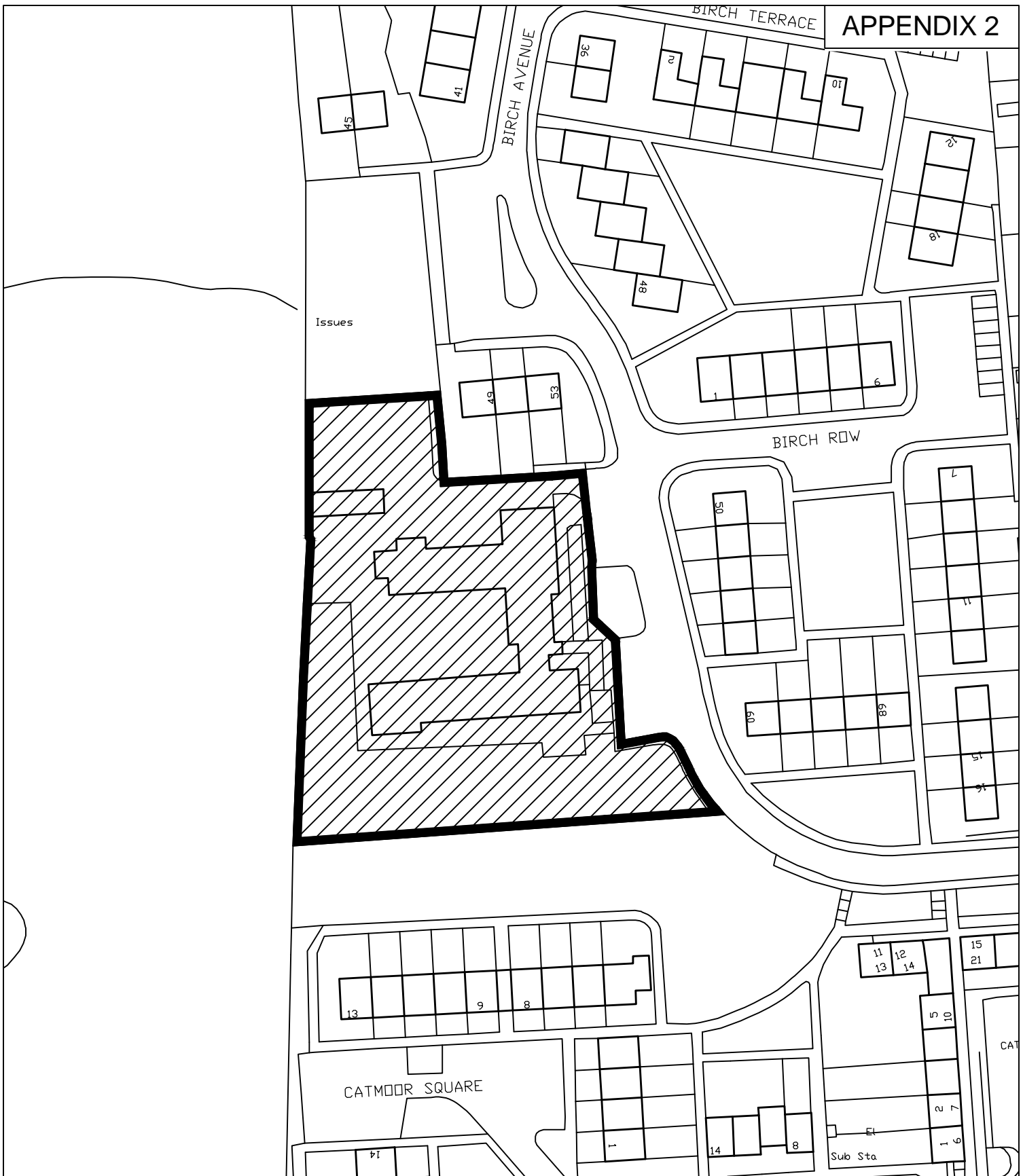
## Former Glebe School Site Abbey Road Scone

### SITE PLAN



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**PERTH &  
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COUNCIL**

The Environment  
Service

**0.49 Ha / 1.19 Acre Site  
Birch Avenue  
Scone**

**Proposed transfer to Housing Revenue Account**

**COMMITTEE REPORT PLAN**



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