

Cabinet Member for a Connected Powys



For further information please contact

County Hall
Llandrindod Wells
Powys
LD1 5LG
17/04/2023

steve.boyd@powys.gov.uk

01597 826374

NOTICE OF INTENDED PORTFOLIO HOLDER DELEGATED DECISION

The Portfolio Holder has received the following report for a decision to be taken under delegated authority. The decision will be taken on **21/04/2023** (i.e. 3 clear days after the date of this note). The decision will be published on the Council's website but will not be implemented until 5 clear days after the date of publication of the decision) to comply with the call-in process set out in Rule 7.35 of the Constitution.

1.	TRANSFER OF GUNGROG CHURCH IN WALES INFANT AND NURSERY SCHOOL TO HOUSING SERVICES
----	--

(Pages 3 - 32)

This page is intentionally left blank

CYNGOR SIR POWYS COUNTY COUNCIL
PORTFOLIO HOLDER DELEGATED DECISION
by
COUNTY COUNCILLOR MATTHEW DORRANCE
DEPUTY LEADER AND CABINET MEMBER FOR A FAIRER POWYS
&
COUNTY COUNCILLOR JAKE BERRIMAN
CABINET MEMBER FOR A CONNECTED POWYS

Date: April 2023

REPORT AUTHOR: Nina Davies, Director of Social Services & Housing

REPORT TITLE: Transfer of Gungrog Church in Wales Infant and Nursery School to Housing Services

REPORT FOR: Decision

1. Purpose

- 1.1 The purpose of this report is to seek approval for Gungrog Church in Wales Infant and Nursery School in Welshpool to be transferred to Housing Services to enable the development of much needed affordable Council housing in an area of high housing need.

2. Background

- 2.1 Gungrog Church in Wales Infant and Nursery School formally closed as a school when the service delivery relocated to the new Welshpool Church in Wales school on Salop Road. The site has been used in the interim by PTHB as a Covid vaccination and testing centre and this use will end in June this year. The availability of this site was discussed at the Strategic Asset Board (SAB) and Services were requested to express any interest for alternative service delivery needs.
- 2.1.1 Gungrog Church in Wales Infant and Nursery School was declared surplus to requirements in accordance with Powys Corporate Asset Policy and all services within Powys County Council were asked whether they had any use for this surplus property. Housing Services expressed an interest in acquiring the site to develop affordable Council homes for local people. As there was no other approach from an internal service to take the property, there was no requirement in the Council's process and procedures guidance for the Corporate Property team to advertise the property externally for lease or sale. The relevant extracts from Powys Corporate Asset Policy are attached to the report as Appendix One.
- 2.1.2 Powys County Council has committed to develop 250 new Council homes for rent by 2025. Development of Gungrog Church in Wales Infant and Nursery School site

amounts to approximately 0.413 hectares and would provide approximately 18 properties and provide a positive contribution to meeting this target.

- 2.1.3 Welshpool has been identified as being an area of high housing need, and no readily available developable land, with a particular need identified for single person accommodation. There are currently 525 applicants registered with 'Homes in Powys' for affordable and secure rented accommodation in the town. Following the COVID-19 pandemic and the recent changes brought in under the Renting Homes [Wales] Act 2016, the County has experienced significant increases in demand for affordable homes. Additional homeless duties were mandated by the Welsh Government during the pandemic, adding to the demand for affordable homes for those who are homeless or at risk of becoming homeless. Currently, circa 5,000 households are registered with 'Homes in Powys' and around 400 households are living in temporary accommodation, awaiting the availability of a suitable property in which to make a permanent home. Those additional duties are now expected to be mainstreamed, suggesting that demand for social housing is unlikely to diminish.
- 2.2.4 The process for transfer to the Housing Service in the Corporate Asset Policy has been followed and The District Valuer Service (DVS) was commissioned to provide independent valuations of the Gungrog Church in Wales Infant and Nursery School site for both market value and a market value restricted to affordable housing. The Report is attached as Appendix 2.

3. Advice

- 3.1 The options available and considered are as follows:
- 3.1.1 Option One: Transfer of Gungrog Church in Wales Infant and Nursery School to Housing Services for the reported market value.
- 3.1.2 Option Two: Advertise Gungrog Church in Wales Infant and Nursery School on the open market for general sale.
- 3.1.3 The Professional Lead (Strategic Property) has commented that: *"the sale at £250,000 is included within the capital receipt forecast for 2023-2024 and Option One to transfer of Gungrog Church in Wales Infant and Nursery School to Housing Services for the market value of £250,000 is supported."*
- 3.1.4 There is a clear, identified need for affordable, social rented properties in Welshpool and development of the site for 100% affordable housing would help meet this need, as detailed in Option One. Option Two would provide a capital receipt but would not provide additional Council housing in Welshpool to meet the growing need for such homes or meet the Council's development target for social housing in support of Vision 2025.
- 3.1.5 Option One represents the most positive outcome to meet the affordable housing needs of the local area, providing land for the development of affordable housing by the Council and a capital receipt to the Council from an asset for the Council to invest in other services. Although market value is being paid for the site, the Housing Service

still intends to develop the site for 100% affordable (social) housing to rent. This option will require additional Social Housing Grant (SHG) to make an affordable housing scheme viable and will increase the borrowing pressure on the HRA by increasing the payback period for the scheme and Social Housing Grant (SHG) will award 100% of the land costs plus 10%.

- 3.2 Viability assessments have been undertaken for an affordable housing scheme for the purposes of assessing the viability of the site acquisition. A summary of the viability assessments is attached to this report as Appendix Three. In summary, the scheme could provide 18 affordable Council homes.
- 3.2.1 Development of a housing scheme on the combined site can be afforded within the HRA Business Plan, subject to receipt of Social Housing Grant (SHG) to assist with the cost of making sure that social homes meet the standards required by the Welsh Government. Based on the Welsh Government's Standard Viability Model, the availability of SHG is assumed to be 47% of the Total Scheme Cost. This would make a social housing scheme on the combined site viable with a discounted payback period of 52 years – which is within the 60-year target set by the Council for the funding of new housing schemes.
- 3.2.2 There is a risk that costs may increase due to the current global increase in construction costs, which could be managed by the inclusion of fluctuation clauses within the contract to reflect construction inflation.

4. Resource Implications:

- 4.1 The site has been included in the Powys New Build Development Programme and there is budget earmarked for development of the site in the HRA Business Plan. Appendix 3 to this report sets out a summary of the viability assessment for the development of the site.
- 4.2 The development will be part funded using Welsh Government Grant and borrowing by the HRA, borrowing will be financed from the rental income. As noted above the payback for current scheme proposal is less than 60 years. If the amount of grant available is less than 43% of the Total Scheme Cost, then the scheme as currently proposed may not be viable.

Without grant the scheme (in its current specification) would not be viable, the payback would be over 90 years and would have a detrimental impact on the business plan.

- 4.3 In the event that SHG was not forthcoming or the scheme was deemed unaffordable the HRA would have options: -
- Retain the site until an affordable scheme was forthcoming i.e. land bank given sites in Welshpool are in such short supply
 - Declare the site surplus at which time Strategic Property would follow the disposal policy and the capital receipt returned to the HRA.

4.4 The Head of Finance (Section 151 Officer) notes that the report confirms that the proposal can be accommodated with the HRA Business Plan and that the payback period is within the Council's target range. The risks of not being able to obtain grant funding or that costs increase are highlighted and these could impact on the viability of the scheme currently being proposed, however, the report describes how these risks can be managed and what action could be taken should this be the case. The recommended Option One to transfer the site at the market value of £250,000, ensures that the Council's General Fund benefits from the release of the site whilst the HRA acquires it at market value.

5. Legal implications:

5.1 The Legal Department will support the internal transfer in line with the Corporate Asset Policy. The procedure set out in Part 4-B of the Corporate Asset Policy has been followed and the legal department will support and undertake the legal work required.

5.2 The Legal Department shall further assist in any legal matters when and where required in the process. (Property Lawyer Mid).

5.3 The Head of Legal Services and the Monitoring Officer has commented as follows: "I note the legal comment and have nothing to add to the report".

6. Data Protection

6.1 No personal data is contained within this report.

7. Comment from local member(s)

7.1 Councillor Carol Robinson [Welshpool Gungrog ward] has commented as follows:-
"I am very happy to support the proposal that the area in blue is developed for affordable housing which is really needed in Welshpool. I would also ask that playground for children under 10 years old be considered in the design of housing this area".

7.2 Councillor Graham Breeze (Welshpool Llanerchydol ward) has commented as follows:-
"My initial view is one of support in principle though I would need to see the full plans ahead of committing to full support". Welshpool desperately needs more accommodation of this type, and the school site sits nicely within an area of similar style properties. Look forward to seeing the drawings".

7.3 Councillor Richard Church [Welshpool Castle ward] has commented as follows: -
"I am happy to support the proposal that the area edged in blue is developed for affordable housing. I agree that there is a huge need in Welshpool. One issue that has been raised though is the lack of play provision in this immediate area for small children. The inclusion of a small playground with equipment for children under the

age of 10 would I am sure be welcome and fill a gap in this area. I would ask that a playground be considered in the design of housing this area”.

8. Integrated Impact Assessment

8.1 An Impact Assessment is not required as this is covered by the current impact assessment for Housing Management.

9. Recommendation

9.1 It is recommended that:

9.1.1 Option One (section 3.1.1) - Gungrog Church in Wales Infant and Nursery School can be transferred to Housing Services for £250,000 to enable the development of secure, affordable housing, to help meet the housing needs in Welshpool and support the Council in meeting its Vision 2025 housing priorities.

Officer: Caron Jones

Tel: 07717 428285

Email: caron.jones@powys.gov.uk

Head of Service: Andy Thompson

Corporate Director: Nina Davies

References:

Appendix

Appendix One: Extract from Corporate Asset Policy 2017

Part 3 - B Management of Surplus Property

1. Notification of a Surplus Property

1.1 Property will determine whether the surplus property can provide a solution to any accommodation needs whilst also circulating the property to all Service Managers in line with the internal transfer procedure. There may however be overriding circumstances where it is not appropriate to circulate properties internally before offering for sale – for example, where a property has been bought under a Compulsory Purchase Order and is no longer needed for the purpose of its acquisition (where it legally must first be offered back to the original vendors). Such departures will only be followed having first consulted the Property Portfolio Holder.

- 1.2 After receiving the above notification, Services have three weeks to declare their interest in securing future use of the surplus property.
- 1.3 Any declaration of interest must be supported within one calendar month by a written Statement of Intent highlighting: -
 - Support for the internal transfer by the Cabinet Portfolio Holder for the interested Service Area
 - A clear and brief Business Case: -
 - Explanation of the service to be delivered.
 - Long-term management feasibility
 - Summary of capital and revenue expenditure proposals
 - Demonstration of the project's long-term sustainability
- 1.4 If a Business Case is not forthcoming after the defined time limit in 1.3 above, Property will make contact with the service to confirm that the service has no interest in the property so that the disposal process may continue. A further deadline for submission of a Business Case may be agreed.
- 1.5 If no interest is shown in the surplus property, it will be disposed of. See "Part 4, Disposal of Surplus Property".
- 1.6 Any interest declared by one or more Heads of Service will be dealt with following the procedures in "Part 4-A, Internal Transfer of Property".

2. Suitability for Social Housing

- 2.1 If a Service Area has expressed an interest in the internal transfer of a property or the property has also been identified by a Registered Social Landlord, the interest of both parties will be dealt with under "Part 4-A, Internal Transfer of Property".

Part 4-A Internal Transfer of Property

1. Procedures for Internal Transfer of Surplus Property
 - 1.1 Under all circumstances, business cases (as referred to in Part 3-B) will be reviewed by the Property Portfolio Holder together with the relevant Portfolio Holders for the requesting areas, and the Portfolio Holder for Finance.
 - 1.2 If the Portfolio Holder approves the transfer, the Property Team will formally advise all concerned of the decision and the transfer date will be taken as the date of approval.
 - 1.3 If the transfer takes place to the Housing Service, then paragraph 5 below will apply.

Part 4-A Internal Transfer of Property

5. Internal Transfer of assets to or from the Housing Service

- 5.1 Where a transfer is requested by the Housing Service for affordable housing using its own Capital funds, then the same process as set out in 4- B will be followed as if Housing were an RSL. However, in such an instance, there will be an expectation that as soon as Cabinet, or designated Portfolio Holder, has approved a transfer of a surplus property to the Housing Service at an agreed sale price, the transfer will be effected within 6 months of that decision.

Part 4-B Sale of Property to a Registered Social Landlord or Local Health Board Registered Social Landlord (RSL)

1. Background

- 1.1 In order to promote development of new affordable housing for either rent or low-cost home ownership, the Welsh Government (WG) gives Social Housing Grants (SHGs) to RSLs.
- 1.2 Local Authorities identify and prioritise those settlements within their jurisdiction where there is a high demand for social housing schemes and work with RSLs to secure development sites.

2. The Process

- 2.1 During the internal circulation process, the Housing Service is able to lodge interest in any property on behalf of one of the RSLs operating in Powys.
- 2.2 This interest must be supported with a Business Case, as outlined in Paragraph 1.3 of “Part 3-B.
- 2.3 If the Cabinet Property Portfolio Holder accepts the Business Case, the RSL must accept the management and maintenance liability of the property in the form of an Option Agreement. The Option Agreement fee – charged at 5% of the Council’s assessment of Market Value - will need to be completed within three months of this decision. The option fee will be deducted from the purchase price on legal completion, but will be non-refundable should the RSL subsequently withdraw from the process.
- 2.4 An Option agreement will be offered for up to 24 months (to run concurrently from the date of the Cabinet Portfolio Holder decision) in order to allow for valuation, finance and planning work-streams to be secured and also for a purchase to be negotiated.
- 2.5 The Property Team will advise the relevant Local Member that consideration is being given to a sale of a property to an RSL.
- 2.6 The Property Team will commission an Independent Expert valuation of the property from the Valuation Office Agency (VOA) or similar independent body, which will comprise both a market value and a market valuation restricted to affordable housing.
- 2.7 Upon receipt of the VOA report, the RSL will undertake a full viability assessment of the property to determine whether the VOA valuation is affordable. Powys County Council’s “Corporate Asset Policy (CAP)” (Revised in October 2017)) Page 44 of 81

- 2.8 Once the outcome of the viability assessment is known, the Property Team will produce a Cabinet report outlining both valuations, and the offer made by the RSL. Cabinet will in all circumstances be asked to determine whether they wish to support a sale at less than market value in order to meet demonstrable affordable housing needs or whether the Council's need for the higher value capital receipt should take priority. Where the viability assessment indicates that the RSL is only able to submit an offer considerably lower than the affordable housing valuation. The RSL may be required to attend the Cabinet meeting to take questions.
- 2.9 In the event that Cabinet does not support the recommendation, instructions will be provided as part of the Cabinet's decision.
- 2.10 If Cabinet or Portfolio Holder approve the disposal to the RSL, the Property Team will immediately notify the Town or Community Council.
- 2.11 Instructions to the Head of Legal Services to proceed with the disposal will be issued by the Property Team no sooner than five working days after the Cabinet or Portfolio Holder decision to support the sale has been made.
- 3. Overage Provision in the Transfer Document**
- 3.1 If an asset is sold to an RSL, the property must be developed for affordable housing with the transfer documents containing an overage clause to that effect.
- 4. Local Health Board Background**
- 4.1 The Local Health Board within Powys (PTHB), mirrors the aims and objectives of Council in that they serve the people of Powys. The two organisations have a working agreement whereby they each strive to ensure the needs of the public are met to the highest standard. In order to achieve this, all surplus property will be circulated to the PTHB. Process
- 4.2 The process to be followed in these cases, when the Council has surplus property, mirrors that for RSL's above.
- 5. Notification of Transfer to RSL/PTHB**
- 5.1 At the conclusion of the transfer, Legal will circulate the transfer document to all parties named on their formal Green Form instruction.

Part 4-C Sale of Property

1. The Process

- 1.1 If there is no internal interest or if expressions were rejected, the property will be offered for sale on the open market.
- 1.2 The Property Team will consider whether any "exceptional circumstances" (defined below) exist whereby the property should be offered to another party prior to being offered to the general market.
- 1.3 "Exceptional circumstances" may include, but are not limited to, the following: -

- A landmark building (e.g. a former Town Hall) which may have historical links to a Town or Community Council and be considered as a heritage asset.
- Land where a Town or Community Council already has an interest or presence (e.g. an office, recreational area, etc.)
- Crichel Down Rules – If a property was acquired by compulsory purchase, it may have to be offered back to the original owner.
- Minor extensions to gardens, where it is clearly obvious that there can only be one realistic purchaser (and subject to the minor sales policy).

All potential exceptional circumstances will be dealt with individually on a case-by-case basis. In all cases where officers are considering whether Exceptional Circumstances exist, approval will be obtained from the Monitoring Officer to depart from the normal procedure in this CAP.

- 1.4 Notification of a proposed sale should be given to the relevant Local Member if the land is to be offered for sale on the open market. Any land offered in this way will not necessarily include newspaper and / or roadside advertising but may be offered solely through the Council's Website, or external agent.
- 1.5 Where a potential sale has been initiated by a private individual (under Part 4-D or otherwise), the applicant, along with any other adjoining landowners will be contacted directly, to advise them of the land being offered for sale. In these circumstances, the advertisement, via the Council's website will run for a period of no less than three weeks.
- 1.6 If a property was acquired by compulsory purchase it may have to be offered back to the original owner and/or the owner's family if it had not been utilised for its intended purpose and the original vendors were still alive.
- 1.7 In order to ensure that the Council maximises its receipt on all disposals, consideration will be given to the possibility of securing additional value by development or change of use in consultation with the appropriate Planning Authority. Powys County Council's "Corporate Asset Policy (CAP)" (Revised in October 2017)) Page 46 of 81
- 1.8 Where it is appropriate to do so, the Property Team will ensure appropriately worded covenants are included in instructions to Legal Services to protect the Council's interest.
- 1.9 Services should note that where land or property is declared surplus to requirements – whether by deliberate action or in response to a request from a member of the public – if that asset subsequently fails to sell (perhaps because the original applicant no longer wishes to acquire it and it is of limited or no value to any other party), the Property Team reserves the right to transfer the asset back to the originating Service, as the Property Team does not have a significant management budget for the upkeep of surplus assets.

Appendix Two: DVS Report

Appendix Three: Financial Viability Assessment

Scheme Evaluation [over 60 years]

NPV		£236,761	
NPV Per Unit		£13,153	
IRR		2.22%	
Discounted Payback		52 years	
Average Annual Cashflow		£31,872	

By virtue of paragraph(s) 14 of Part 1 of Schedule 12A
of the Local Government Act 1972.

Document is Restricted

This page is intentionally left blank