

AGENDA ITEM: 11

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Meeting	Cabinet Resources Committee
Date	16 January 2012
Subject	Dove House, Bunns Lane, Mill Hill
Report of	Cabinet Member for Resources and Performance
Summary	Authority is sought to surrender a lease held by the Council from Mind in Barnet of part of the treatment centre at Dove House in Bunns Lane and to receive the consideration noted in the exempt report

Officer Contributors	Philip Stanbridge – Principal Valuer
Status (public or exempt)	Public (with separate exempt report)
Wards affected	Mill Hill
Enclosures	Plan no. 20421/1
For decision by	Cabinet Resources Committee
Function of	Executive
Reason for urgency / exemption from call-in (if appropriate)	Not applicable

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1. RECOMMENDATIONS

- 1.1 To surrender the Council's lease at Dove House on the terms set out below and in the exempt report.**

2. RELEVANT PREVIOUS DECISIONS

- 2.1 The Economic Development and Land Executive Committee of 17th July 1997 gave authority to transfer the freehold to Mind in Barnet (MiB) and take a lease back of part.

3. CORPORATE PRIORITIES AND POLICY CONSIDERATIONS

- 3.1 The Corporate Plan commits the Council to continually review the use of council assets so as to reduce the cost of accommodation year on year and to obtain best consideration for any surplus assets to maximise funds for capital investment and/or the repayment of capital debt. This proposal does this by producing for the Council a lump sum, in lieu of both the notional rent and the sum due at the lease end under the 1997 agreement with MiB, and this lump sum can be set against other priorities.
- 3.2 The Regeneration Service has been consulted and this disposal does not impact any regeneration proposals.

4. RISK MANAGEMENT ISSUES

- 4.1 Failure to agree to this surrender will prevent Mind in Barnet selling their freehold interest with vacant possession and this will endanger their proposed purchase and development of a property that the Council are selling to them at 55 Christchurch Avenue.

5. EQUALITIES AND DIVERSITY ISSUES

- 5.1 The proposals have been considered and will not give rise to any issues under the Council's Equalities Policy and do not compromise the Council in meeting its statutory equalities duties.

6. USE OF RESOURCES IMPLICATIONS (Finance, Procurement, Performance & Value for Money, Staffing, IT, Property, Sustainability)

- 6.1 There are no procurement, performance and value for money, staffing, IT or sustainability implications. The financial and property implications are set out below.

7. LEGAL ISSUES

- 7.1 Under the terms of the lease strictly there is no provision made for an early surrender as opposed to an early "determination". Nevertheless the formula for calculating the lump sum has been drawn from the lease

8. CONSTITUTIONAL POWERS

- 8.1 Constitution, in Part 3, Responsibility for Functions, paragraph 3.6 states the functions delegated to the Cabinet Resources Committee including all matters relating to land and buildings owned, rented, or proposed to be acquired or disposed of by the Council.

9. BACKGROUND INFORMATION

- 9.1 The freehold of this site in Bunns Lane was sold by this Council to Mind (MiB) in Barnet in 1997 who developed the site for a mental health resource centre. The Council contributed the land, which had limited value because of planning constraints, and £50,000 of capital. In consideration Mind in Barnet granted a lease of part of the building to this Council at a peppercorn rent for 15 years which expires in January 2014.
- 9.2 The lease further provided that at its expiry the Council would have the right to receive 11% of the capital value of the land and buildings at that time. A provision was also made in the lease for the potentiality of an earlier determination at the end of the tenth year of the lease based upon an 18.4% of the value of the land and buildings. These agreed percentages have been the basis of calculating the lump sum.
- 9.3 The Children's Service occupied the leased area for a number of years as an after school facility previously known as the Flower Lane After School Club and 'STEPS' a programme for young people with disabilities. In October 2007, as a result of a rationalisation of after school provision, STEPS was transferred to Mapledown School and the leased area became vacant.
- 9.4 Attempts to let the space in the open market have been unsuccessful in part due to significant defect issues and difficulties related to the limited and shared nature of the space. The leased area is currently vacant.
- 9.5 MiB are now wishing to consolidate their activities in the Borough and have made a bid, which has been accepted, to purchase Harwood, 55 Christchurch Avenue, Finchley from this Council. In order to complete their sale MiB with vacant possession need the Council to surrender its lease and consent to the removal of a registered caution against MiBs title at the Land Registry.
- 9.6 Given that the leased area is vacant, and there are no current plans to use the space (see 9.4 above), it would seem prudent to undertake a surrender on the terms noted above and in the exempt report such that the lump sum in lieu of rent becomes payable to the Council.
- 9.7 Generally any disposal of land must comply with the provisions of Section 123 of the Local Government Act 1972 in that, except with the consent of the Secretary of State, a council shall not dispose of land under this section otherwise than for the a consideration less than the best that reasonably be obtained. The sale of Dove House by MiB has been by full exposure to the market and thus this requirement has also been satisfied in respect of the lump sum.

LIST OF BACKGROUND PAPERS

- 10.1 None.

