

Forward Plan reference number: Not applicable

Report title: Surplus Property Schedule: The Meadgate Centre, Mascalls Way Great Baddow, Chelmsford. CM2 7NS.

Report to: Mark Carroll, Executive Director for Place and Public Health in consultation with Councillor David Finch, Leader of the Council with additional responsibilities for Finance, Property and Housing.

Report author: Paul Crick, Director for Capital Investment and Delivery

Date: 20th February 2020

For: Decision

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County Divisions affected: Great Baddow

This report includes a confidential appendix which is not for publication because it includes exempt information falling within paragraph 3 of Schedule 12A to the Local Government Act 1972 as amended.

1. Purpose of Report

- 1.1. The purpose of this report is to approve the disposal of The Meadgate Centre, Great Baddow, Chelmsford CM2 7NS (as shown outlined in red on the attached Site Plan) (the Property) at the price set out in the attached confidential appendix.

2. Recommendations

- 2.1. Agree to dispose of the freehold interest of The Meadgate Centre, Great Baddow, Chelmsford, CM2 7NS as shown on the attached Site Plan at a figure not less than the price shown and on the terms set out in the attached confidential appendix; and
- 2.2 Authorise Essex County Council (ECC) to enter into such other legal agreements as may be required to facilitate the transaction at best value for the property, on terms and conditions to be agreed by the Director for Capital Investment and Delivery.

3. Summary of issues

- 3.1 The Meadgate site formerly accommodated Junior and Infant schools in the east and west blocks at the site. In 1983 the schools were amalgamated into a Primary School wholly located on the land to the east (the Meadgate Academy). A Curriculum Development Centre for training teachers was set up in the former Infant School and continued in occupation until 1993 when a Special Educational Needs team moved in and occupied it as a Special Teacher's Base until 1998. After that it is understood that the Awards Service commenced their occupation in January 1999 and that the office use ceased in March 2011 with the existing occupiers being relocated to alternative

accommodation within the ECC estate. The Property is currently rented with the existing tenant, as detailed in the confidential appendix, for D1 use class purposes. The existing tenant is the proposed buyer.

- 3.2 The site lies within the Great Baddow area of Chelmsford approximately 1¼ miles south east of the town centre. The rear boundary of the site adjoins Essex Yeomanry Way (A1114) although access to the site is only via Mascalls Way and the surrounding residential area. The building on the Property is physically attached to the adjacent Primary School and the sites are separated by a fence which will remain the responsibility of ECC.

A small neighbourhood centre lies approximately ¼ mile to the south west of the site with some convenience shopping and community facilities.

- 3.3 The majority of the Property is office space extending to a floor area of 900 sqm within a total area of 0.40 Hectares. The office building is a single storey timber clad building with a flat roof and is in fairly poor condition with the building now extending beyond its original anticipated life span.
- 3.4 To enable the Meadgate Centre and Meadgate Academy to be permanently separated it is proposed that the buyer will be required to carry out service separation and ECC will reserve the right to carry this out in default after a deadline date.
- 3.5 ECC will also need to change any existing agreement with the adjacent Meadgate Academy in relation to right of access etc. ECC will no longer need to retain rights of access to the adjacent caretaker's house as this is subject to a separate sale transaction.
- 3.6 It is important to make effective and efficient use of our assets, realising the value for those which are no longer required and are not needed for longer term investments. The subject property is surplus to the requirements for which it had most recently been used and has not been identified as being suitable for use by other Service Commissioners within ECC.
- 3.7 A valuation of the property was carried out by ECC's independent professional surveyors, Lambert Smith Hampton, on 24th January 2019 There has been no material appreciation in the value of this property since this date. ECC has been advised that best consideration can be obtained if a price no lower than that stated in paragraph 1.1 of the confidential Appendix to this report is achieved.
- 3.8 The Member for Chelmsford Central, Councillor Jenny Chandler, has been advised of the recommendations in this report and has confirmed her support.

4. Options

- 4.1 Options were explored as follows:

4.1.1 Retain the property and continue to let the premises for public use and / or future ECC requirements. ECC confirmed that there was no further service use for the building when it initially became vacant and continuing to let a dated and run down building would have resulted in high maintenance liability costs.

4.1.2 Investigate potential development for a commercial investment venture. Essex Housing appraised the site and considered the development potential unviable .

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4.1.3 Declare the property surplus for its current purpose and proceed with a disposal of the freehold. Upon the merging of Meadgate infant and Primary schools and the forming of the Academy, the additional buildings were declared surplus by schools or other users under the existing permitted use clause.

4.1.4 Declare the property surplus for an alternative purpose and proceed with a disposal of the freehold. The property was already declared surplus within the ECC service demands and redevelopment carried adverse planning risks and a high potential to be nonprofitable.

4.2 There are no alternative service uses that ECC has for the Property. Holding the property vacant is a management and maintenance liability to ECC during any void period. The consideration is reflective of the property's Existing Use Value and covenant protections have been negotiated to safeguard ECC's property interests in the longer term should the site be redeveloped for alternative use purposes within a period of 80 years from completion.

4.3 The proposed covenant on the transfer will capture 50% of any uplift in value between the existing use value and alternative use value. The Property is to be confined to its current use, that of a church hall within Use Class D1 (non-residential institutions).

4.4 Planning constraints and infrastructure limitations deemed the site unsuitable as a potential development commercial investment venture.

4.5 Members support the sale of the Freehold to the existing tenants seeing it as a long-term benefit in supporting the wider community.

5. Issues for consideration

5.1 Financial implications

5.1.1 The value of the Property on 24th March 2019 is stated in the attached confidential appendix and the proposed consideration is more than this value, even assuming the potential for the overage receipt if change of use were to be granted to the site/ buildings within 80 years.

- 5.1.2 The purchaser is a registered charity and has applied for a grant under the ECC's Assisted Purchase scheme, a discretionary grant made by ECC to enable local communities to purchase freehold assets from within the ECC property portfolio. The buyer meets the criteria for making such an award. The value of the grant award is set out in the Confidential Appendix.
- 5.1.3 The proposal would remove the ongoing maintenance liability of this building. The Property also generates a small rental income (as stated in the confidential appendix). This income will be lost following the sale of the freehold.
- 5.1.4 The net disposal receipt will contribute to the capital receipts targets and will be used to finance the ECC's capital programme and therefore reduce ECC's external borrowing requirements.
- 5.1.5 The costs of disposal will be met from existing specific budgeted resources earmarked for capital disposal activity.

5.2 Legal implications

- 5.2.1 ECC is obliged to obtain the best consideration reasonably obtainable on the disposal of its own property unless the Secretary of State consents to the disposal or the disposal falls within the terms of the disposal consents issued under the Local Government Act 1972. The confidential appendix confirms that the recommended proposal meets best value taking into account the covenants that will be imposed through the transfer of ownership.
- 5.2.2 Under the Academies Act 2010 ECC is obliged to seek consent from the Secretary of State to dispose of land if the land has been used as a school in the last 8 years and under the School Standards and Framework Act 1998 ECC is also obliged to seek consent from the Secretary of State to dispose of land if the land has been used for playing fields in the past 10 years. It is not apparent that any of the uses in the last 10 years as listed in Paragraph 3.1 would trigger this obligation.
- 5.2.3 Essex Legal Services will be commissioned to carry out the conveyancing work associated with the disposal.

6. Equality and Diversity implications

- 6.1 The Public Sector Equality Duty applies to the Council when it makes decisions. The duty requires us to have regard to the need to:
 - (a) Eliminate unlawful discrimination, harassment and victimisation and other behaviour prohibited by the Act. In summary, the Act makes discrimination etc on the grounds of a protected characteristic unlawful
 - (b) Advance equality of opportunity between people who share a protected characteristic and those who do not.

- (c) Foster good relations between people who share a protected characteristic and those who do not including tackling prejudice and promoting understanding.
- 6.2 The protected characteristics are age, disability, gender reassignment, pregnancy and maternity, marriage and civil partnership, race, religion or belief, gender, and sexual orientation. The Act states that 'marriage and civil partnership' is not a relevant protected characteristic for (b) or (c) although it is relevant for (a).
- 6.3 The equality impact assessment carried out on 22nd January 2020 indicates that the proposals in this report will not have a disproportionately adverse impact on any people with a particular characteristic. If an alternative option to that proposed was pursued it is possible that there might be an impact due to the current use not continuing, which affects the wider community.

7. List of appendices

- 7.1 Site plan
 7.2 Confidential Appendix
 7.3 Equalities Impact Assessment

I confirm that I have been consulted on the contents of this report	Date 04/03/2020
Cllr David Finch, Leader of the Council with additional responsibilities for Finance, Property & Housing.	
I approve this report	10/03/2020
Mark Carroll - Executive Director for Place and Public Health	
Executive Director for Finance and Technology (S151 Officer)	26/02/2020
Stephanie Mitchener on behalf of Nicole Wood	
Director Legal & Assurance (Monitoring Officer)	21/2/2020
Jacqueline Millward, on behalf of Paul Turner.	