



Report to:	Strategy & Resources Committee	Date:	28 September 2015
Report title:	Asset Management Report – Options for the Future Use of the Stonecourt office complex and The Old Rectory,		
Report from:	Gerald Almeroth, Strategic Director - Resources		
Ward/Areas affected:	Carshalton Central		
Chair of Committee/Lead Member:	Councillor Ruth Dombey, Leader of the Council Councillor Simon Wales, Deputy Leader of the Council		
Author(s)/Contact Number(s):	Alison Boote, Senior Valuer, Asset Management (020 8070 6156)		
Corporate Plan Priorities:	<ul style="list-style-type: none"> • An Open Council • A Fair Council • A Smart Council 		
Open/Exempt:	Appendix A is exempt on the basis of Paragraph 3, Schedule 12A of the Local Government Act 1972		
Signed:		Date:	16 September 2015

1. Summary

- 1.1 The Strategy & Resources Committee agreed in March 2013 that a Corporate Buildings Utilisation Implementation (BUI) Board be set up to review options for the future use of surplus and under-utilised council buildings.
- 1.2 This report deals with the proposed future uses of council offices at Stonecourt, Carshalton and The Old Rectory, Festival Walk. It recommends that the Stonecourt offices are added to the Council's Disposals and Appropriations Programme in preparation for sale on the open market. There is little difference in the options appraisal scores for the three leading options for the Old Rectory, although the risks of the option proposed by the Friends Groups in Carshalton are significant and their ability to find the capital and revenue funding needed for the scheme is uncertain.
- 1.3 Given however the significant time and effort the Friends Group have put into developing their ideas for a future use of the Old Rectory, it is proposed that two options - the proposal put forward by the Friends Group and the Council's own proposal - are taken forward to the next stage of preparing detailed feasibilities.

2. Recommendations

- 2.1 It is recommended that Strategy and Resources Committee agree that:
 - a) The Stonecourt Offices, Carshalton is declared surplus to Council requirements.
 - b) The preferred option for the future use of the Stonecourt offices is disposal on the open market

- c) Following consultation of local groups and stakeholders, officers are authorised to offer the building for disposal on the open market
- d) The Old Rectory, Carshalton is declared surplus to Council requirements.
- e) The preferred options to be taken forward simultaneously for the Old Rectory are conversion to a Community Visual Arts Centre as proposed by the Friends Group and disposal on a long lease for a mixed residential/commercial use.
- f) The option of disposal for a mixed residential/commercial use is to be progressed if the viability of the Community Visual Arts Centre is not established by March 2016.

3. Background

- 3.1 The Strategy & Resources Committee agreed in March 2013 that a Buildings Utilisation Implementation (BUI) Board be set up to review surplus and under-utilised council buildings and to recommend future proposals for them. This is done in line with the Council's overall Corporate Asset Management Strategy.
- 3.2 The Buildings Utilisation Options Framework committed the Council to the principle of using a comprehensive, objective and transparent process to guide decision-making on the future use of surplus or underutilised properties.
- 3.3 The framework takes into account and enables a high-level comparison of different options for the future use of properties using a consistent methodology and evaluation criteria.
- 3.4 The scoring that results from the appraisal is designed to provide guidance for the decision making process. It does not purport to be a precise scientific assessment that precludes the exercise of judgement. However, the consistency of approach in evaluating each option and the risk factors attached to the accuracy of the raw data used for the analysis allows for the evaluation to properly inform recommendations made by the BUI Board. The BUI Board is chaired by the Strategic Director - Resources and meets on a regular two-monthly cycle.
- 3.5 Stonecourt and The Old Rectory have been taken through the process set out in the Buildings Utilisation Framework and review process and the recommended options from the review are set out in this report.

4. Issues

Stonecourt

- 4.1 The property at Stonecourt is a late Victorian brick and pebbledash detached building which is part single, part two storey. There is also a brick and tile hung detached Victorian two storey former park keeper's cottage known as 85 Mill Lane. The site area is 0.0498 ha/0.123acres and is located in a mainly residential area on the edge of Grove Park within the Carshalton Conservation Area.



- 4.2 The property is currently used by Children’s Services for offices, but is shortly to be vacated with the staff relocated to both Civic and Denmark Road Offices in December 2015.
- 4.3 Various options were considered for the site. Redevelopment to form Council Housing on the site was considered but it was felt inappropriate as the site is relatively small, in a Conservation Area and in view of the surrounding park and residential area, it is unlikely that any significant redevelopment either for social or private housing would be possible.
- 4.4 The possibility of the land being converted for school use was also considered but the site is considered too small and there was no interest from Education Services.
- 4.5 Additionally the possibility of refurbishment for the current office use was also considered. This was not taken forward for economic reasons and in the light of the current inefficient layout of the building.
- 4.6 Two options were taken forward for main consideration. These were a “do-nothing” base option and disposal on the open market. A sale either of the freehold or a long lease will contain restrictions regarding parking, maintaining full access to all areas of the park and control over any works which may be proposed. Sale by private treaty is considered most appropriate to ensure future control rather than by auction.
- 4.7 The extract below is taken from the overall summary page of the options appraisal framework used for this review. This represents the relative scoring of the final two options; Option 1 (Do nothing) is a standard option against which all other options are measured as any option that does not outscore the “Do-nothing” approach suggests negative rather than positive benefits from undertaking it.
- 4.8 The scores for the “weighted total score - average scenario” reflect the actual data entered into the model and as such represents the best estimate of the actual outcome of the option being evaluated.

	Option 1	Option 2
	Do Nothing	Open Market Disposal
WEIGHTED TOTAL SCORE AVERAGE SCENARIO	25.00	72.85

- 4.9 In 2011, when local groups were consulted on the future of Council owned properties in Carshalton there was support for the disposal of Stonecourt, although concern was raised about the extent to which vehicular access into Grove Park would be permitted. The specific buildings considered in this disposal relate to those to the east of the park gateway. The small lodge and prefabricated building close to North Street are being retained until The Lodge redevelopment is completed as they can provide alternative classroom and office accommodation for the Ecology Centre.
- 4.10 Accordingly the open market disposal of the site is the recommended option by the Board.



- 4.11 It is anticipated that interest in the property will be from developers interested in refurbishing the property to residential use. It is anticipated that the cottage will be refurbished and the main office converted into separate apartments.
- 4.12 Identifying disposal as the preferred option provides a basis for officers to engage with key stakeholders of Grove Park, especially the Friends of Grove Park. This will include discussions regarding boundaries of the site to be included in the disposal and the terms that would enable a practical alternative use of the buildings, given the restrictions to vehicle access to the park. It would also enable practical arrangements to be worked out for locking and unlocking of the park gates.

The Old Rectory

- 4.13 The Old Rectory is a Grade II Georgian detached building which is two-storey with additional attic and cellar accommodation. The site area is 0.1092 ha/0.270 acres and is located in the Carshalton Conservation Area.
- 4.14 The ground and basement of the property is currently used as office and classroom facilities for the Ecology Centre. It is also used by the Friends of the Ecology Centre and by the Sutton Nature Conservation Volunteers (SNCV) for mustering, meetings and storage space. The building is shortly to be fully vacated as the Biodiversity Service officers who run the Ecology Service have relocated to be based in Denmark Road offices. The proposals presented by Ecolocal for the redevelopment and future use of the Lodge include provision for a new classroom suite and storage and workshop space for the Friends group and the Nature Conservation Volunteers.
- 4.15 There are timing issues that will need to be resolved as the proposed redevelopment of the Lodge may not be ready by the time work also needs to start on the Old Rectory. It is therefore proposed that as part of the proposals for the Stonecourt offices, the Council retains both the gatehouse and the prefabricated offices, so that if needed, they can serve as a temporary classroom and office/storage for the Ecology Centre.
- 4.16 Four main options were considered for the property with the involvement of representatives of the various Friends groups involved in the Carshalton ponds area. Two options were proposed by the Friends, one as a community arts centre, Option 3 and the second, as a building preservation trust is no longer being progressed by the Friends.
- 4.17 The Friends groups have been closely involved with the building utilisation process, providing data for their proposals to be fully considered and have seen their options worked through the framework. They are now setting up a charitable incorporated organisation. They have advised that the Constitution of the new organisation - Carshalton Old Rectory Association (CORA) - enables it to establish a group of trustees to work officially and provide a body to attract funding. A paper detailing the conversion proposals to an Arts Centre is included as Appendix D to this report.
- 4.18 Their proposals are yet to be finalised, but the outline plans include residential conversion of the second floor attic to form an apartment. The main rooms on the ground and first floors are



proposed for exhibition and activity space. The Victorian extension to the rear would provide artists' studios or potentially be converted to residential use and the basement is to remain for workshops and a 'messy' activity area.

- 4.19 Detailed surveys have been carried out by the Council regarding the fabric and structure of the building which has been of concern to the Friends groups in their considerations. Work is to be carried out by the Council to tie in the bulging south wall of the building, stitch together cracks in the external wall and tie in upper floors that have separated from the bulging wall. Other building fabric works have been identified as requiring attention but are more appropriate to be carried out as part of a comprehensive refurbishment of the property in line with a chosen end use. The Council commissioned structural engineers in 2014 for a structural survey of the building and this has informed the limited scope of works to be carried out. This will ensure that the building's structural condition does not deteriorate. The other reported issues with the building are considered by the structural engineer to be consistent with a building of this age.
- 4.20 Specialist conservation advice is to be sought from an Archaeological Architectural Specialist regarding the interior of the building and particular areas which are to be protected. This will be of relevance to all options and will be included in conditions of sale or lease. Advice is also being sought from a specialist Conservation Architect to advise on the refurbishment proposals and their impact on the listed status of the building.

Options Appraisal

- 4.21 Option 1 is the do nothing scenario from which a base position is taken. Option 2 is an outright sale which would be to an experienced developer who would either be interested in converting the property to a single residential dwelling or a number of residential apartments, anticipated as five. Option 4 is a long lease to a developer to convert the building into a mixed use property with the ground floor and basement leased for commercial use like an Arts/workshop space and three residential apartments, two one bedroom on the first floor and one two bedroom on the second floor.
- 4.22 An open market disposal may be restricted in value as there was a commitment given to residents that the Council will not sell The Old Rectory, following the review of Council-owned properties in Carshalton in 2011. The sale of a long leasehold interest of the whole building may therefore be constrained by this commitment as there is the potential of acquiring the freehold through leasehold enfranchisement. Mixed use of the property reduces the opportunity to enfranchise, particularly when any commercial or other use is on the lower levels as is proposed through Options 3 and 4.
- 4.23 The options were run through the BU framework with the Friend's initial proposals which included the requirement for the Council to pay a capital contribution towards the works of £200,000 and ongoing revenue contributions anticipated to be £37,000 per annum. There is no capital payment offered for transfer of the building in any of their scenarios as they all require transfer of the Old Rectory at nil value.
- 4.24 The extract below is taken from the overall summary page of the options appraisal framework used for this review. This represents the relative scoring of the four options; Option 1 (Do nothing) is a standard option against which all other options are measured as any option that

does not outscore the “Do-nothing” approach suggests negative rather than positive benefits from undertaking it.

- 4.25 The scores for the “weighted total score - average scenario” reflect the actual data entered into the model and as such represents the best estimate of the actual outcome of the option being evaluated.

Table 1 – Appraisal based on a one-off Capital Expenditure of £200k and Annual Revenue Support of £37k by the Council to the Friends Group

	Option 1	Option 2	Option 3	Option 4
	Do Nothing	Open Market Disposal	Conversion into a Community Visual Arts Centre	Long Lease to Developers for Conversion to mixed residential and Art workshops
WEIGHTED TOTAL SCORE AVERAGE SCENARIO	25.00	78.00	17.13	72.85

- 4.26 The appraisal framework takes an assumed 25 year period for comparison purposes over all the individual aspects of each option that are included. These cover the initial costs of for instance a straight disposal as well as the net benefit from the assumed capital receipt over that period. With Option 3 the ongoing borrowing costs and the loss of capital receipt [1/para3] are included. With Option 4, a lower capital receipt of [2/para3] is taken into account.
- 4.27 Following the initial results of the BU appraisal, the Friends recently revised their proposals to say that they would not require Council support to meet any of their ongoing revenue costs; however the capital position will remain uncertain until they have a better understanding of the possibilities of grants. A scenario run on the basis that no ongoing revenue support is required improves Option 3 above to a total weighted score of 54.97.
- 4.28 If the Friends can achieve external funding and move to a position where neither a capital contribution nor ongoing revenue costs are to be incurred by the Council the “weighted total scores - average scenario” become closer as set out in Table 2. In this scenario although Option 3 remains the lowest scoring option, excluding “do nothing”, there is very little difference in the scores of the three leading options, thereby suggesting parity in the overall benefits from any of the three.



Table 2 – Appraisal without Capital or Revenue Support Provided by the Council

	Option 1	Option 2	Option 3	Option 4
	Do Nothing	Open Market Disposal	Conversion into a Community Visual Arts Centre	Long Lease to Developers for Conversion to mixed residential and Art workshops
WEIGHTED TOTAL SCORE AVERAGE SCENARIO	25.00	78.00	70.48	72.85

- 4.29 Although Option 2, the open market disposal shows the best results, this carries the risk of the long term loss of the freehold interest in the property. Unless the other options are undeliverable it is proposed that this option is not taken forward. It is considered that further investigation of Options 3 and Option 4 is worthwhile at this stage while specialist Archaeological Survey and Conservation Architect's advice are being progressed. The Council would also use the period to establish how the conversion and refurbishment of the Old Rectory could be undertaken in a manner that would be compliant with Historic England's requirements as any submission for listed building planning consent would have to be approved by them.
- 4.30 Considerable risks remain in Option 3 brought by the Friends as they are yet to develop a detailed business plan and have not demonstrated how they would meet the annual revenue costs of delivering their proposals and how the capital grant of £200k could be raised. The Friends have accepted that any option that requires ongoing revenue support from the Council is not sustainable; their position on capital is that *"the capital situation is still uncertain until we have a better understanding of the state of the building and the possibilities for grants"*.
- 4.31 There is little doubt that the Friends have expended significant time and energy on their efforts to retain the Old Rectory in community use. However, as the position remains unclear regarding the Friends' ability to raise grant funding, it is considered a way through the current situation would be for the two remaining options - Options 3 and 4 - to be further developed simultaneously. This would require that the Friends are given the opportunity to investigate their potential funding for a limited period - up to March 2016. This would allow the Council to support grant applications by the Friends group but provide the safety net that if either the capital or revenue was not forthcoming, the Council is able to move forward with the disposal along the lines described in Option 4 from the start of the new financial year in April 2016.

5 Options Considered

- 5.1 Various other options were considered using the Options Appraisals framework and these were discounted following evaluation as above. These included conversion to social housing, use as a school and refurbishment and use as an office.

6. Impacts and Implications

Financial

- 6.1 Stonecourt does not fit with future office needs for the Council's operations, with the preferred option of sale there will be a saving of ongoing revenue costs of £36k per annum and it will bring in a capital receipt of [3/para3]. This capital receipt proposed is more than the sum included in the current capital programme so this will provide an additional resource for the capital programme.
- 6.2 The Old Rectory has also been identified as not required for future service delivery. With Options 2 and 4, a sale or lease of the property there will be a saving of ongoing revenue costs of £21k per annum and they will bring in a capital receipt of [4/para3]. This capital receipt proposed is more than the sum included in the current capital programme so this will provide an additional resource for the capital programme. Option 3 will result in a capital receipt being foregone and is unclear as to future capital contribution requirements.

Legal

- 6.3 Under Section 123 of the Local Government Act 1972 a Council has the power to dispose of land or property in any manner it wishes.
- 6.4 Section 123 of the Local Government Act 1972 requires the Council not to dispose of land or property for a consideration less than the best that can be reasonably be obtained, unless the Secretary of State consents to the disposal.
- 6.5 There will be specific legal implications for each property. Issues such as (without limitation) covenants on title, easements burdening the land, and rights of third parties, may complicate or prohibit disposal. Such issues will be identified as a result of a detailed analysis of the title deeds and documents relating to each site. This analysis will be undertaken in respect of any site declared surplus to requirements to the extent that such analysis has not already been completed.

Integrated Impact Assessment

- 6.6 The Buildings Utilisation Options Framework incorporates a process of reviewing options for the future use of surplus and under-utilised council buildings designed to achieve a comprehensive, objective and transparent process to guide decision making on the future use of surplus or under-utilised properties.
- 6.7 It was originally developed in consultation with the project's Stakeholder Reference Group and this process will make decision making more open and transparent to the general public and involve Members in the process.
- 6.8 The proposals for both these properties would increase an improved supply of residential accommodation to be provided in the Borough.



- 6.9 The re provision of space for biodiversity education to school children currently offered in the Old Rectory is incorporated in the proposals for The Lodge. Intermediate accommodation is available in the retained area of the Stonecourt offices

Risk

- 6.10 Stonecourt is currently occupied but proposals for its future should be in place for when it is vacated as the possibility of future vandalism for a building located in the park and holding costs will remain until its future is decided.
- 6.11 The Old Rectory is a property in need of refurbishment. For this to be carried out as part of a comprehensive scheme regarding its future use is the most appropriate method. Any significant delay while this remains uncertain will lead to both the possibility of future vandalism and increased holding costs.

7. Appendices and Background Documents

Appendix Letter	Title
A	Schedule of Exempt Items (Restricted)
B	Site Plan – Stonecourt
C	Site Plan - The Old Rectory
D	Report on The Old Rectory Arts Project – 11 July 2015

Background Documents

None

Audit Trail

Version	Final	Date: 16/09/15
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Consultation with other officers

Officer	Comments Sought	Comments checked by
Finance	Yes	Sue Hogg
Legal	Yes	Rowenna Warburton

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