

From: Rebeca Spore, Director of Infrastructure

To: Peter Oakford, Deputy Leader and Cabinet Member for Finance,
Corporate and Traded Services

Subject: Decision 22/00115 Disposal of Land and Buildings at Victoria Road/Park
Crescent Road Margate CT9 1NB

Classification: *Unrestricted report with exempt appendix A, not for publication under Paragraph 3 of Part 1 of Schedule 12A of the Local Government Act 1972 - Information relating to the financial or business affairs of any particular person (including the authority holding that information).*

Future Pathway of report: Key Decision - *involving expenditure or savings in excess of £1m.*
Policy and Resources Cabinet Committee – 18 January
2023

Electoral Division: Margate, Barry Lewis

Summary: This report considers the proposed disposal of Lots 4 and 5 of Land and Buildings at Victoria Road/Park Crescent Road Margate CT9 1NB

Recommendation(s):

The Deputy Leader and Cabinet Member for Finance, Corporate and Traded Services is asked to consider and endorse or make recommendations on the proposed decision to agree to the disposal of the property - Lots 4 and 5 of Land and Buildings at Victoria Road/Park Crescent Road Margate CT9 1NB and delegate authority to:

1. The Director of Infrastructure, in consultation with the Deputy Leader and Cabinet Member for Finance, Corporate and Traded Services, to finalise the terms of the disposal; and
2. The Director of Infrastructure to authorise the execution of all necessary or desirable documentation required to implement the above.

1. Introduction

- 1.1 This report addresses Kent County Council's (KCC) intention to sell Land and Buildings at Victoria Road/Park Crescent Road Margate.
- 1.2 The property comprises of Lots 4 (0.66 acres) and 5 (13.4 acres) (14.06 acres in total) at the former Royal School for Deaf Children site as identified in appendix B, general site plan.
- 1.3 The land and buildings are located in a built up, predominantly residential area, on the edge of the town centre of Margate within walking distance of the main centre, seafront and train station.

- 1.4 Lot 4 fronts on to Park Crescent Road, which runs along the Western boundary of Dane Park and comprises of a mixture of detached, semi-detached and terraced dwellings of various ages, overlooking the park/park depot. It is bounded to the North by Lot 3 of the former Royal School for Deaf Children (which comprises of a detached two-storey Edwardian dwelling on a site of approx. 0.2 acres) and to the South and West by Lot 5 of the former Royal School for Deaf Children.
- 1.5 Lot 5 fronts on to Victoria Road, which is a narrow one-way street comprising of a mixture of mainly period residential and commercial/community properties. It is bounded to the South by two-storey Victorian terraced housing fronting on to Byron Avenue and to the North by two-storey Victorian terraced housing fronting on to Thanet Road. There is a small frontage on to Park Crescent Road to the East. The site slopes up from North to South and to a lesser extent from West to East and forms 2 distinct plateaus, one occupying the Northern half of the site and the other the Southern half.
- 1.6 Lot 4 extends to 0.66 acres approx. on which 4 detached two-storey Edwardian dwellings (known as Allen Houses) are situated; they are set back behind a shared 'in and out' type driveway at either end of the site and there is a shared garden/yard area to the rear. The dwellings provide a total gross internal floor area of approx. 11,500 sq. ft. (1,070 sq. m.) and are currently laid out to provide a number of individual rooms with communal living, kitchen and bathrooms. They are in a poor state of repair and are not separately serviced (what services exist have been isolated and new incoming mains services may therefore be required).
- 1.7 Lot 5 (known as the main site) extends to 13.4 acres approx. on which the former main school buildings (now largely demolished) stood, leaving a mainly cleared site ready for redevelopment. The only buildings remaining are the old swimming pool and adjoining garages (whose rear walls form part of the historic flint boundary wall), Two, two-storey modern dwellings in the South East and South West corners of the site and a separately accessed modern hydrotherapy pool and gym complex, situated in the North West corner of the site. There are 2 historic gated and pillared vehicular entrances off Victoria Road, a smaller vehicular entrance off Park Crescent Road (in the South East corner of the site) and a service entrance at the end of a private alleyway off Thanet Road on the Northern boundary of the site.
- 1.8 The Western boundary of Lot 5 to a depth of approximately 40m is situated with the Margate Conservation Area.
- 1.9 Site plans for each Lot together with the General Site plan are shown in appendices B, C and D.

2. History

- 2.1 The former Royal School for Deaf Children ceased operating in 2015 and was placed for sale on the open market in 2016.
- 2.2 KCC acquired the site from the trustees in administration in April 2020, for the construction and provision of a new secondary school.

- 2.3 Following a change in demographic projections in the area, a decision has been taken to no longer progress the provision of a new school in this location.
- 2.4 The entire site has now been declared surplus by KCC as it is no longer required for operational purposes and no alternative service needs have been identified.
- 2.5 The site is not allocated in the current Local Plan however, a submission was made to Thanet District Council (TDC) earlier this year promoting the site for residential allocation, in response to Thanet's call for sites suitable for housing. The site is considered by KCC to be a highly sustainable brownfield site, capable of delivering a residential-led scheme, including new community areas of open space and improving pedestrian and cycle permeability in the local area.
- 2.6 Due to the timelines associated with Thanet's new Local Plan and in order to maximise the value of the site in pursuance of KCC's statutory duties the exempt appendix sets out a staged optimisation strategy for Lot 5. This strategy may include KCC seeking Outline Planning Permission for the residential-led redevelopment of Lot 5. A decision on whether to progress with seeking outline consent has not yet been taken.
- 2.7 In pre-application advice, TDC have accepted the principle of residential-led redevelopment is likely to be acceptable in planning terms, subject to masterplan considerations in relation to the site. Updated pre-application advice is currently being sought.

3. Financial Implications

- 3.1 The sale of the property will result in a capital receipt which will be reinvested back into the KCC's Capital programme. Further financial information is set out in the exempt appendix A.
- 3.2 The disposal of the property will remove associated holding costs whilst easing pressure on revenue budgets. At present the site is projected to cost at least £130k per annum to hold.

4. Planning and Marketing

- 4.1 Subject to the necessary approvals being forthcoming, KCC propose to appoint, in Q1 2023, a suitably qualified planning consultant to prepare and submit a pre-application submission for Lot 5.
- 4.2 Subject to receiving updated pre-application advice for Lot 5, a decision will then be taken on whether to progress with an application for outline planning consent or pursue an alternative optimisation strategy, per the considerations set out in the exempt appendix.
- 4.3 While Lot 5 is being optimised Lot 4 will be openly marketed.

- 4.4 It is therefore proposed to instruct a suitably qualified agent to market Lot 4 in Q1 2023 and it is anticipated that a sale will be concluded within the 23/24 financial year.
- 4.5 A marketing campaign to advertise the site through various media channels will be undertaken to ensure a wide potential audience is reached.
- 4.6 Any bids received as part of a private treaty sale process will be appraised in line with the KCC's legislative and fiduciary duties, and in compliance with the Freehold asset disposal policy.
- 4.7 Following the formal submission of bids, the bids will be assessed considering the following criteria:
- Overall price, any pricing caveats or exclusions
 - Any conditionality on the proposals and deliverability
 - Compliance with the Local Plan affordable housing requirements, if appropriate
 - Deliverability of the proposals submitted if they are reliant on the planning process
 - Funding security
 - Any factors of opportunity cost that KCC may wish to consider other than those described above delivering operational or policy returns.
- 4.8 Due diligence will be undertaken as appropriate, which may include further valuation, planning or other specialist advice.
- 4.9 Following the consideration of initial bids, 'best and final' offers may be requested. It is proposed to select the best submission that enables KCC to deliver the maximum capital receipt for the Council.
- 4.10 Dependent on market conditions KCC may progress the disposal of Lot 4 by way of auction where this can be shown to achieve best consideration objectives.

5. Options

- 5.1 Following internal consideration, no operational requirement for the site has been established. Therefore, the only options to be considered were limited to holding the property or disposal.
- 5.2 Continuing to hold leaves KCC exposed to ongoing costs, and the buildings on site remain an inherent risk.
- 5.3 The exempt appendix A sets out the approaches considered by KCC since the site was declared surplus.
- 5.4 A Freehold disposal will allow a capital receipt to be generated for reinvestment back into the KCC's stated capital priorities.

5.5 A Freehold disposal is the preferred option, seeking offers for Lot 5 on an “all enquiries” basis to ensure all market interest is explored in line with the KCC’s statutory duties.

6. Governance and Legal implications

6.1 A Key Decision is being sought in line with the Constitution and the KCC’s governance processes. In accordance with the property management protocol, the views of the Local Member have been sought and will be reported to the Cabinet Member before a Key Decision is taken.

6.2 KCC has a duty under S123 of the 1972 Local Government Act to obtain not less than best consideration in the disposal of property assets.

6.3 External legal advisors have been appointed in consultation with General Counsel.

7. Equalities implications (EQIA)

7.1 The Key Decision to be taken by the Cabinet Member does not relate to a service delivery or change.

7.2 The site has been vacant since 2015 and has already been declared surplus to the KCC’s operational requirements.

7.3 An Equalities impact assessment (EQIA) has been undertaken and has identified no impact on any groups with protected characteristics in relation to the proposed decision.

8. Consultation

8.1 The Local Member for the division has been consulted specifically in relation to the proposed Key Decision and in relation to previous disposals on the site and has expressed the following views in relation to the wider site:

8.1.1 Concern about increased vehicular movements and parking on Victoria Road.

Officers note that this edge of the site is in a conservation area and is constrained from a Highways perspective, therefore it is not likely that any major access to a future development would be from Victoria Road. Any development of the site would be the subject of a planning application, at which point surrounding residents and statutory consultees, including Highways, would be able to scrutinise and input into proposals.

8.1.2 Concern about future of Hydrotherapy Pool.

Officers note that the hydrotherapy pool is subject to a lease to the current operator with a circa 12yr unexpired term. The proposed Key Decision does not seek to alter this lease arrangement.

8.1.3 Noted that any future development scheme was likely to integrate new areas of public open space, and improved pedestrian and cycle permeability.

8.1.4 Concern over potential loss of trees.

Officers note the detail of landscaping proposals will form a part of the future planning application. Most of the site is cleared of vegetation. A significant number of existing trees on the site are within the conservation area designation and therefore are afforded additional protection. It is likely that as part of the delivery of the new open space, as part of the wider scheme, additional tree planting and biodiversity enhancements will be integrated.

9. Next Steps and Conclusions

9.1 An indicative timetable for the planned disposal is set out below:

Stage	Timescale
Appointment of Planning Consultants – Lot 5	Q1 2023
Appointment of disposal agents – Lot 4	Q1 2023
Completion of sale of Lot 4	2023/2024 FY
Securing pre-application advice – Lot 5	Q3 2023
Future decision on optimisation strategy - Lot 5	Q3 2023

9.2 The site has been declared surplus to KCC's operational requirements and a disposal decision is now sought from the Cabinet Member, in accordance with KCC's strategy of recycling assets to produce capital receipts for reinvestment into capital project priorities.

10. Recommendation(s)

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11. Background Documents

Appendix A – Exempt Appendix
Appendix B/C/D – Site Plans
Appendix E – Proposed Record of Decision
Appendix F - Published EQIA document

12. Contact details

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