

Cabinet (Resources) Panel

18 January 2023

Report title	Disposal and Development of Former Nelson Mandela House Site	
Decision designation	AMBER	
Cabinet member with lead responsibility	Councillor Bhupinder Gakhal City Assets and Housing	
Key decision	Yes	
In forward plan	Yes	
Wards affected	Oxley	
Accountable Director	Julia Nock, Deputy Director of Assets	
Originating service	City Assets	
Accountable employee	Luke Dove	Head of Assets
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Report to be/has been considered by	City Assets Leadership Team	30 November 2022
	Asset Management Board	18 January 2023

Recommendations for decision:

The Cabinet (Resources) Panel is recommended to:

1. Declare the Former Nelson Mandela House site surplus to the Council's requirements.
2. Approve disposal of the asset listed to achieve best consideration, via the open market disposal methods of either auction or informal tender upon terms and conditions to be agreed.
3. Delegate authority to the Cabinet Member for City Assets and Housing in consultation with the Deputy Director of Assets to approve the terms of the disposal through an Individual Executive Decision Notice.

1.0 Purpose

- 1.1 To seek approval to declare surplus to Council requirements the asset detailed in this report and agree the disposal strategy for the asset to generate a capital receipt and revenue efficiencies alongside the future sustainable development of the site.

2.0 Background

- 2.1 City Assets are currently undertaking an asset challenge process to identify potential assets for disposal to generate further capital receipts and revenue efficiencies.
- 2.2 As part of this process an asset has been identified which is currently void due to rationalisation of the Council's service needs. There is an opportunity to sell this asset via the open market for commercial development to achieve a capital receipt, reduce annual maintenance expenditure and bring a currently void asset back into beneficial use.
- 2.3 The asset subject being the subject of this report is the Former Nelson Mandela House Site with further details provided in Section 3.
- 2.4 The asset listed above will generate a capital receipt (achieving best consideration including advice from a suitably qualified chartered surveyor) which will be used to support the General Revenue Account capital programme.

3.0 Disposal Strategy – Former Nelson Mandela House

- 3.1. The Former Nelson Mandela House Site is now a land only (brownfield) asset that was previously the site of the Nelson Mandela House which was formerly used as a residential care home.
- 3.2. Following the demolition of the building, the property is now vacant and managed by City Assets as a void property.
- 3.3. The site will be offered to the open market via either informal tender or auction for commercial opportunities.

4.0 Evaluation of alternative options

- 4.1 The land could be retained and disposed of on a leasehold basis. This option would only generate a revenue income stream and not a capital receipt. In addition, there would be significant costs associated with bringing the property up to a marketable standard which comply with statutory requirements and there is limited use for the property in its current state.
- 4.2 The asset could be retained for operational use, however, following consultation, no internal operational use has been identified. Retention of the asset would therefore not support the Council's asset challenge and rationalisation process.

4.3 The Council have explored the option of developing the site for residential use both via an open market disposal and internally for affordable housing. Due to the site being subject to a Flood Risk Assessment rating of three, this essentially renders this option unviable.

4.4 The recommended option is to dispose of the asset in its current state on the open market for commercial development opportunities with the reasons for this decision outlined below.

5.0 Reasons for decision

5.1 Should authority be given to dispose of the asset detailed, a capital receipt will be realised which will support the Council's General Revenue Account capital programme.

5.2 If the asset was retained further revenue costs would be incurred by the Council including void rates, security, insurance and statutory compliance costs. In addition, vacant property continues to attract negative public comments and their condition may deteriorate further reducing value.

5.3 The sale of the surplus asset provides purchasers with the opportunity to bring the brownfield site to back into use benefitting the local economy and employment agenda alongside removing a long-term derelict site from the Council's portfolio and promoting a sustainable and viable opportunity given the known constraints of the site.

6.0 Supporting Delivery of the Strategic Asset Plan

6.1 City Assets have developed a Strategic Asset Plan that was completed and approved by Cabinet on 17 October 2018. This provides the structure and management of the Council's land and property portfolio over following five years, to 2023, and incorporates the Our Assets principle. The plan is structured into three parts:

- Asset Management Policy
- Asset Management Strategy
- Asset Management Action Plan

6.2 The Asset Management Policy establishes a clear mission with supporting principles for the management of land and buildings, ensuring it is fit for purpose and benefits the people of the City of Wolverhampton and to use land and buildings following rationalisation and disposal of land and buildings, that will enable a financial return to stimulate development and growth, support and encourage local businesses and promote joint-working.

6.3 The disposal of the Former Nelson Mandela House supports the policy as outlined and in particular delivery of items A1, A2, A3 and A9 of the Action Plan.

7.0 Financial implications

7.1 The disposal of the Former Nelson Mandela House Site is projected to produce a capital receipt (achieving best consideration including advice from a suitably qualified chartered

surveyor) for the Council which will be used to support the General Revenue Account capital programme.

- 7.2 Until terms are agreed with the purchasers the estimated value above is indicative only. Terms agreed will be subject to a future Individual Executive Decision Notice to seek approval.
[RJ/28112022/J]

8.0 Legal implications

- 8.1 It is necessary for the asset to be declared surplus before any proposed disposal.
- 8.2 The disposal will need to be made in accordance with S.123 Local Government Act 1972 which requires the Council to obtain the best consideration reasonably available.
[TC/24112022/E]

9.0 Equalities implications

- 9.1 All development plans will consider and meet the needs of all people within the local community and an all-inclusive approach will be taken by City of Wolverhampton Council.

10.0 All other implications

- 10.1 The disposal of the asset listed in this report will prevent it from falling into further disrepair and avoid anti-social behaviour and potential fly tipping.
- 10.2 In addition to the detail included in this report, the Estates Team will complete all pre-sale due diligence and offer the site to market in accordance with the disposal strategy.
- 10.3 The property is managed as a void by City Assets in accordance with the Management Checklist for Vacant Property ensuring maintenance, security and safety requirements are complied with.
- 10.4 Disposal of the property will reduce the quantity of void stock requiring management.

11.0 Schedule of background papers

- 11.1 [Strategic Asset Plan 2018-2023](#) – Report to Cabinet on 17 October 2018 including:
- Asset Management Policy 2018-2023
 - Asset Management Strategy 2018-2023
 - Asset Management Action Plan

12.0 Appendices

- 12.1 Appendix 1 – Former Nelson Mandela House Site Location Plan