



Author/Lead Officer of Report:
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Report of: **Laraine Manley Executive Director Place**

Report To **Olivia Blake Cabinet Member for Finance**

Date of Decision: **22nd February 2018**

Subject: **Disposal of Property at Mount Pleasant Sharrow Lane Sheffield**

Is this a Key Decision? If Yes, reason Key Decision:-	Yes <input type="checkbox"/> No <input type="checkbox"/>
- Expenditure and/or savings over £500,000	<input checked="" type="checkbox"/>
- Affects 2 or more Wards	<input type="checkbox"/>
Which Cabinet Member Portfolio does this relate to? Finance	
Which Scrutiny and Policy Development Committee does this relate to? Economic and Environmental Wellbeing Scrutiny Committee	
Has an Equality Impact Assessment (EIA) been undertaken?	Yes <input checked="" type="checkbox"/> No <input type="checkbox"/>
If YES, what EIA reference number has it been given? EIA 179	
Does the report contain confidential or exempt information?	Yes <input checked="" type="checkbox"/> No <input type="checkbox"/>
If YES, give details as to whether the exemption applies to the full report / part of the report and/or appendices and complete below:-	
"The report is not for publication because it contains exempt information under Paragraph 3 of Schedule 12A of the Local Government Act 1972 (as amended)."	

Purpose of Report:

The report seeks authority to dispose of Mount Pleasant and Hub Buildings on Sharrow Lane to Hermes Care for the development of Elderly care facilities. This sale will achieve the preservation and enhancement of the buildings, enabling the Council to achieve a capital receipt, bringing forward the development of the buildings to secure the long term future of these nationally important grade II * Listed Buildings.

Recommendations:

It is recommended that the Chief Property Officer and the Director of Legal and Governance be authorised to negotiate final sale terms and enter into all necessary legal documentation to facilitate the disposal of the land identified edged red on the attached plan to Hermes Care.

Background Papers:

(Insert details of any background papers used in the compilation of the report.)

Lead Officer to complete:-		
1	I have consulted the relevant departments in respect of any relevant implications indicated on the Statutory and Council Policy Checklist, and comments have been incorporated / additional forms completed / EIA completed, where required.	Finance: Paul Schofield
		Legal: David Sellars
		Equalities:: Anne Marie Johnstone
	<i>Legal, financial/commercial and equalities implications must be included within the report and the name of the officer consulted must be included above.</i>	
2	EMT member who approved submission:	Lorraine Manley
3	Cabinet Member consulted:	Olivia Blake Cabinet Member for Finance, Ben Curran, Cabinet Member for Planning and Development
4	I confirm that all necessary approval has been obtained in respect of the implications indicated on the Statutory and Council Policy Checklist and that the report has been approved for submission to the Decision Maker by the EMT member indicated at 2. In addition, any additional forms have been completed and signed off as required at 1.	
	Lead Officer Name: Tammy Whitaker	Job Title: Head of Property Services
	Date: 6 th February 2018	

1.1 BACKGROUND

- 1.2 Mount Pleasant is an 18th-century mansion situated on Sharrow Lane. The house is a grade II* listed building, and has been described as “one of the best 18th century houses in Sheffield”. The House, stables and Hub Buildings have been largely vacant since 2009 when their use as a community centre ceased and the building was declared surplus. The building is in a poor state of repair and requires substantial investment to bring it back into use.
- 1.3 During the recession of 2009-2012 the buildings were “soft marketed” and expressions of interest were sought. Only one expression of interest was received. SCC agreed to enter into an exclusivity agreement with a developer to enable them to work up a scheme. A formal offer and terms for disposal were finally agreed in December 2014.
- 1.4 In November 2015 the developer went into receivership. Given an uplift in the property market and interest from other parties, SCC decided to market the property.
- 1.5 Deliverability, funding and finance are key to finding a solution for the building. In the past the Council has disposed of listed buildings which have remained undeveloped with the Council having little power to enforce the refurbishment obligations without incurring substantial cost. Key to the delivery of the refurbishment of Mount Pleasant is therefore the ability of any purchaser to cash flow the project without having recourse to finance which requires an interest being secured in the building. It is envisaged that once any project has reached a point where refurbishment is substantially complete then the purchaser will be granted a lease against which finance can then be obtained.
- 1.6 **Marketing and Assessment of Tender**
Mount Pleasant and associated buildings were marketed from May to July 2017. Bidders were asked to submit a range of information including a draft scheme, financial offer and proof of funds together with an indication of any discussions held with the local planning authority. Given the buildings listed status, the sales particulars made specific reference to the statutory requirement for proposals to conserve and enhance the special character of the buildings and provide evidence that the scheme would secure the long term future maintenance of the building.
- 1.7 The Council has to secure best consideration in disposing of land and buildings and a clear, open and transparent process was undertaken in assessing bids from interested parties.
- 1.8 Given the complexities of the building, its history, and previous challenges from two parties to the remarketing of the building, a range of information was requested as part of the bidding process in order to undertake a thorough assessment of the benefits of the bids.

- 1.9 The assessment considered:-
- 1) the impact of the scheme on the listed building and planning considerations
 - 2) the viability of the scheme
 - 3) how the project is financed and funded
 - 4) deliverability of the scheme proposed and track record
 - 5) benefits to the Council of the proposed scheme
 - 6) Income and cash benefits
- 1.10 Five informal tenders were received on 14th July 2017 plus one emailed offer. Due diligence was undertaken on all companies and following assessment of the proposals three bids were taken forward to interview. One party failed to submit the requested information and was therefore discarded and not taken forward to interview. A summary of the shortlisted proposals is attached at Annex A.

2.0 **PROPOSAL**

- 2.1 The proposal is for disposal of the building to Hermes Care to undertake the complete refurbishment of the house and associated buildings. The buildings will be used as a 30 bed care home with the stable block being used for day care and/or specialist nursing care.
- 2.2 The only internal alterations to Mount Pleasant would relate to the subdivision of rooms (mainly to the upper floors) to provide bedroom spaces, the insertion of a lift and reuse of the basement to provide laundry facilities. Detailed designs are yet to be determined but the principles have been discussed with SCC Planning and Conservation team and are felt to be consistent with the buildings listed status.
- 2.3 The rear stable block building will be refurbished to provide TOCS specialist nursing care and day care facilities. The proposal also plans to restore and open up the gardens of Mount Pleasant with a resident only secure sensory area to the west of the main house.
- 2.4 The current hub building (former school) will be converted as Phase 2 of the project to form a 10 x 1 and 2 bedroom properties for affordable rent aimed at older people and key workers. A further optional phase includes a sensitive new build of additional flats for key worker, older persons housing.
- 2.5 Hermes Care Homes operate three care homes within a 1.5 Mile radius of Mount Pleasant providing 53 beds in total at Cherry Tree Road and Collegiate Crescent. Hermes operates six other care homes in Sheffield and Rotherham with a total of 233 beds.
- 2.6 Other Considerations
A local community group Shipshape is currently occupying the stable block on a temporary basis. They have no formal agreement to occupy the premises and pay no rent. The group has expressed concern about what will happen once SCC sells the property and have requested that the Council

helps them find another property. They state they cannot afford to pay any rent. SCC is looking at whether Ship Shape can be accommodated in nearby SCC premises such as Sharrow Community Centre.

- 2.7 CYPF have submitted a bid to DFE for a new free school within the Hub building on the site. Following consultation with the Cabinet Member for Planning and Development alternative options were identified for the school as the site was on the market at the time the bid was submitted and had previously been declared surplus by CYPF.

3.0 HOW DOES THIS DECISION CONTRIBUTE

- 3.1 The main Mount Pleasant and Stable block buildings are Grade II* Listed and there is a statutory requirement that any alterations internally and externally to the buildings must either preserve or enhance the character and appearance of the buildings and their setting.
- 3.2 The care home proposals have been appraised from a planning perspective and because there are minimal internal alterations and no external additions or new buildings the scheme is considered to be capable of meeting these statutory planning requirements and the Planning service is supportive of the proposals.
- 3.3 The proposals have been discussed with Adult Social Care and address current needs in the area. The Affordable rental units also deliver much needed low cost housing.

4.0 HAS THERE BEEN ANY CONSULTATION?

- 4.1 The Planning Service and the Councils Adult Commissioning/Elderly Care Service have been consulted as part of the assessment process.

5.0 RISK ANALYSIS AND IMPLICATIONS OF THE DECISION

5.1 Equality of Opportunity Implication

There are no significant, positive or negative, equality impacts from this proposal. The proposal should be positive for the local community by securing the long term future of the building and site that has not had active use for several years. It will provide the community access to a restored historic garden in a locality that currently has limited access to public green space. The proposal will also enable the development of care home facilities that will benefit people with dementia and those needing day care and/or specialist nursing care. The development should also be positive for financial inclusion by providing 10 affordable housing units. The potential negative impact on the community service, ShipShape, should be mitigated by being accommodated in nearby SCC premises such as Sharrow Community Centre.

5.2 Financial and Commercial Implications - see Appendix A

5.3 Legal Implications

The proposal is for the Council to convey a long leasehold interest in the property with such sale being conditional on Hermes Care first securing Planning Permission and Listed Building Consent for their proposed scheme. Hermes will be obliged to carry out their scheme of substantial refurbishment to a point of practical completion at Hermes` expense before a property interest is conveyed. Hermes Care will enter into contracts with SCC to affect this.

The affect of this is to ensure that the proprietary interest and control over the building remains with the Council throughout the development process. Should Hermes fail to deliver the scheme and if another developer does not step in to complete the scheme to the Council's satisfaction then the premises will return to the Council.

The property has been exposed to the open market and Hermes Care has lodged the highest offer. The Council is able to dispose of the property for this best price in accordance with Section 123 of the Local Government Act 1972.

Shipshape occupy the property without any proprietary interest and therefore do not have any security of tenure.

6.0 **ALTERNATIVE OPTIONS CONSIDERED**

6.1 **Reject all offers and engage architects to work up a scheme for residential conversion and remarket.**

There was a lack of interest from residential developers in the property during the marketing period. This may be due to local market conditions or due to the risks and uncertainties of developing a highly graded listed building. SCC could engage a professional team to secure planning consent for residential conversion and remarket which may attract further interest. However this would require capital funding and SCC would need to cover holding costs for a further 12 months, in which time the building will further deteriorate.

6.2 **Retain Guardians on site to manage the Property**

The site has not had an active use for several years and is currently occupied under a Guardianship scheme. The Guardians scheme is in place purely to maintain a presence on site and avoid extensive vandalism and risk, however the fabric of the building continues to deteriorate and the continued occupation of the building by the Guardians is not considered to be a long term viable option given the costs involved. Two of the Guardians have taken a keen interest in the building and formed "Avenues to Zero" who made an offer for the property (see above).

7.0 REASONS FOR RECOMMENDATIONS

- 7.1 The shortlisted applicants have been interviewed and given the opportunity to present their proposals in detail. A thorough assessment process has been undertaken and Hermes Care offers the best consideration for the Council under Section 123 of the Local Government Act and offer wider benefits to the local community. The proposals are acceptable from a planning perspective and financially viable.
- 7.2 The proposal from Hermes Care offers wider community benefits beyond the provision of a care home including restoration of the historic garden with public access in a locality with limited access to public green space. A further phase of the scheme will provide housing for key workers or the elderly and Hermes want to work with SCC to find the best solutions which deliver the greatest benefit for SCC.
- 7.3 The bid is financially viable, deliverable and achievable with Hermes anticipating planning being submitted quickly once a decision has been reached.
- 7.4 The company have a track record and are not relying on bank or development finance for the refurbishment work. The proposal also offers wider benefits in terms of green space for the local community, key worker and elderly housing provision. Adult commissioning have confirmed that there would be no revenue implications for their service as they will only pay the agreed rate for placements. This rate is built into the business model promoted by Hermes.

Mount Pleasant and The Hub

