

Cabinet

Report Title	Carrington Road - Development Options
Date of Meeting	Wednesday, 30 July 2025
Report Author	Luke Dove
Lead Officer	Alan Lunt Executive Director - Place
Lead Cabinet Member(s)	Councillor Peter Hughes Cabinet Member for Regeneration & Infrastructure
Why is this a key decision?	<div>1. Expenditure over £1 Million+ Yes</div> <div>2. Significant impact on 2 or more wards No</div>
Wards Affected	Friar Park
Identify exempt information and exemption category	Open
Is the report urgent?	No
Reasons for urgency (only where applicable)	N/A
Appendices (if any)	1. Carrington Road Site Boundary Plan

1. Executive Summary

- 1.1 This report provides an update on the proposed disposal and development of the council owned property at Carrington Road, Friar Park. It details marketing arrangements to ensure the sustainable delivery of the development proposal to provide supported living provision. Information is provided on the processes that will support the delivery of this project ensuring adherence to best practice and legal compliance.

2. Recommendations

The Cabinet is recommended to:-

- 2.1 Approve an open market disposal of the Carrington Road site as edged red on the plan (excluding any public highway) provided at appendix 1 for development as supported living provision following a marketing exercise to be undertaken by the council's appointed agent.
- 2.2 Delegate authority to the Executive Director for Place and the Executive Director of Adult Social Care and Health in consultation with the Cabinet Member for Regeneration and Infrastructure and the Cabinet Member for Adult Services, Health and Wellbeing to agree the terms of the disposal of the Carrington Road site as detailed in appendix 1 to the preferred bidder from those bids received.
- 2.3 Delegate authority to the Executive Director for Place and the Executive Director of Adult Social Care and Health in consultation with the Cabinet Member for Regeneration and Infrastructure and the Cabinet Member for Adult Services, Health and Wellbeing to agree the terms of any required lease for the Carrington Road development once completed.
- 2.4 Delegate authority to the to the Monitoring Officer and Service Director of Governance to enter into or execute under seal, if necessary, any other related documentation in connection with the freehold disposal of the Carrington Rod site.
- 2.5 Delegate authority to the Monitoring Officer and Service Director of Governance to enter into or execute under seal, if necessary, any other related documentation in connection with the leasing of the Carrington Road site once developed.

* Note that the appropriation of council owned property from the Housing Revenue Account to the General Fund Account as required, will be undertaken by the Executive Director – Place in consultation with the Executive Director – Finance and Transformation in accordance with the authority delegated to Chief Officers to act on such matters. Any amendment to the asset and ownership records will be undertaken and the accounts adjusted accordingly.

3. Proposals – Reasons for the recommendations

- 3.1 The Carrington Road/School Road site, Friar Park as edged red in the site plan at appendix 1, has been in decline for many years and any intervention by the council needs to be comprehensive to deal with the number of complex and inter-related circumstances specific to the area.
- 3.2 The cleared vacant site continues to be the subject of considerable antisocial behaviour and fly tipping.
- 3.3 The shopping parade had been subject to piecemeal historical demolition of premises that were structurally unstable. The remaining units where vacant again suffer from antisocial behaviour and the remaining tenanted retail unit being in a poor state of repair.

- 3.4 Due to these circumstances Cabinet previously provided approval for the Construction of 10x 2 bed bungalows, 20 x 2 bed flats and the retail block at Carrington Road, Friardale Road and School Road, Friar Park, following a tender exercise. However, following the tender returns, no offer was considered value for money and as such were not progressed.
- 3.5 However, following a borehole survey of the Carrington Rd site by Card Geotechnics in July 2023 to a depth of 5m, it identified that the ground conditions on the site are worse than originally expected based on information previously held. Based on this new information, a revised outline scheme design and costings for a different scheme were developed which would deliver 12 x 2 bed bungalows, 5 x 4 bed homes and one retail unit.
- 3.6 Considering the lower number of developable residential units than the original scheme (17 instead of 30) and increased demand on the HRA budget, this was deemed not to be value for money based on the revised unit development costs. It was therefore decided not feasible to move forward with this revised scheme.
- 3.7 Following the above option being discounted, the council (Adult Social Care and Regeneration and Growth services) have been undertaking due diligence and soft market testing to assess if the Carrington Road site was potentially developable for social care purposes.
- 3.8 The specification for the development of the units has been discussed and agreed in consultation with the council's Adult Social Care team, with the intention that the site will be utilised for the development of supported living accommodation and look to include the demolition of the existing and construction of a new retail unit if commercially viable. This will form the basis of the marketing brief that the council are expecting offers to be received for.
- 3.9 It is anticipated that the preferred model and marketing brief would broadly compromise of a new supported living accommodation of circa 30 units (being a mixture of bungalows / apartments), inclusive of assistive technology.
- 3.10 Whilst the marketing exercise will ultimately produce the offers received, it is anticipated a model based on the below would be preferable:
- Disposal of the site freehold in return for a capital receipt.
 - Development of the site by the purchaser through private financing.
 - Leaseback of the developed site by the council for use as supported living accommodation.
 - Leaseback of the commercial unit with sub-let rights granted (if viable to include as part of the development).
 - Freehold transfer of the property (both residential and commercial) back to the council on expiry of the lease.

4 Alternative Options Considered

- 4.1 The recommendations set out in section 2 of this report is the preferred option to progress this project. However, Members are advised that the options below were considered as set out below.

- 4.2 **Option 1** - The council have previously considered development of the site for social housing provision however, as detailed in this report, this is deemed to not be viable.
- 4.3 **Option 2** - If there was no acceptable interest from the market, the Council could develop this site as public open space and leave the retail shop in place as is now and invest in the same. This option would require funding and would not necessarily deliver the desired outcomes to reduce ASB in the local area.

5. Consultation

- 5.1 The project is subject to ongoing internal consultation with key stakeholders from finance, legal, procurement property services, adult social care and regeneration alongside lead Cabinet Members. Decision-making governance gateways that require consultation or delegated authority will be obtained in accordance with the relevant policies and procedures.

6. Financial Implications

- 6.1 The financial arrangements for the model and delivery of the scheme are yet to be confirmed as they will form part of any offers received during the marketing period. Once offers have been received, they will be scrutinised by officers, appropriate funding streams identified, and a recommendation put forward for delegated authority to be provided in accordance with the recommendations in section 2 of this report.
- 6.2 It is however anticipated that any offer will broadly be in line with the model set out in paragraph 3.10 of this report.
- 6.3 Any rental costs and service charges associated with the residential units are anticipated to be fully funded through housing benefit and given that the Council is unable to claim SEA Status for properties it manages, the Council expects that it will need to recruit a housing association to manage them on its behalf. The housing Association will then apply for Supported Exempt Accommodation (SEA). SEA schemes are exempt from the usual Housing Benefit rules, which place an upper limit (cap) on the amount of benefit people can claim.
- 6.4 SEA schemes can be more expensive to run. Insurance, repairs and maintenance can all cost more for SEAs than general needs tenancies and all SEA status Housing Benefit claims should be 100% recoverable from the Government. This would mean there would be no cost to the LA for rental, management or services cost for the properties.
- 6.5 Adult Social Care may wish to consider buying out a certain number of the properties, effectively replacing the SEA Housing Benefit component, so that properties can be used as short-term accommodation for replacement care/respite or for hospital step up or step down. This has yet to be decided however and will be discussed as and when the proposed scheme develops further.
- 6.6 If this is the case, then the cost of the accommodation will be included within the cost of an individual's support plan funded by Adult Social Care or funded

through Better Care fund where the use relates to hospital discharge or avoidance.

- 6.7 Any leaseback of the commercial unit will be managed by Corporate Landlord through existing revenue budget provision and recovered through subletting of the same if deemed viable to progress.
- 6.8 The current capital market valuation of the assets as edged red on the plan provided at appendix 1 is estimated to be £250,000- £300,000. This is an unencumbered land value that assumes the site is 'shovel ready' with no abnormal costs. Given the findings of the 2019 SI report, it is clear that a level of remediation will be necessary before construction commences; there were no indicative costs stated but once identified these will impact on the site value and reduce the stated figure accordingly.
- 6.9 The appraisal has considered BCIS data for new residential construction and recent market compatible evidence of similar premises currently on the market in the Wednesbury area.
- 6.10 It is anticipated that offers received from the marketing exercise will be on a conditional basis and therefore impact the level of capital receipt received by the council, however, the development will bring a long-standing derelict site back into beneficial use and contribute circa 30 vital residential units to support housing needs.
- 6.11 The appropriation of council owned property from the Housing Revenue Account to the General Fund Account as required, will be undertaken by the Executive Director – Place in consultation with the Executive Director – Finance and Transformation in accordance with the authority delegated to Chief Officers to act on such matters. Any amendment to the asset and ownership records will be undertaken and the accounts adjusted accordingly.

7. Legal and Governance Implications

- 7.1 The council has an obligation to comply with s.123 Local Government Act 1972 to secure best consideration reasonably obtainable on any disposal. It is critical that valuations are secured across all sites recommended for disposal or development.
- 7.2 S.1 of the Localism Act 2011 contains the council's general power of competence, which is circumscribed only to the extent of any applicable pre-commencement restrictions, and any specific post-commencement statutory restriction of the power. S.111 of the Local Government Act 1972 contains the council's ancillary powers in relation to the discharge of its functions including the expenditure or borrowing of money and any disposal or acquisition of property.
- 7.3 Ss.32 to 34 of the Housing Act 1985 contain the council's powers to dispose with the consent of the Secretary of State of land held for the purposes of the provision of housing accommodation under part 2 of that Act. The General

Housing Consents 2013 (issued March 2013 and corrected July 2013) set out the circumstances where such disposals can take place without the need for specific consent.

- 7.4 Ss.24 to 26 of the Local Government Act 1988 govern the matter of provision of assistance by local authorities to any persons in connection with property intended to be privately let as housing accommodation (which the resultant disposal may be, in this case for the provision of supported accommodation) and the circumstances in which the consent of the Secretary of State may be required for such assistance. The General Consents under Section 25 of the Local Government Act 1925 (Local Authority Assistance for Privately let Housing) 2010 set out the circumstances where such assistance may be given without the need for specific consent.
- 7.5 The council will require appropriate authority to be obtained in line with the Sale of Land and Buildings Protocol alongside the Monitoring Officer and Assistant Director – Legal and Assurance being authorised to enter or execute under seal where necessary any legal documentation in connection to the granting of a lease or undertaking of a freehold disposal as required.
- 7.6 S.122 of the Local Government Act 1972 allows a council to appropriate land that belongs to the council which is no longer required for the purposes it was acquired for and subsequently held.

8. Risks

- 8.1 Advertising the property on the open market will need to ensure compliance with Financial Regulations and the sale of council building and assets protocol
- 8.2 The financial arrangements for the model and delivery of the scheme are yet to be confirmed as they will form part of any offers received during the marketing period. Once offers have been received, they will be scrutinised by officers, appropriate funding streams identified, and a recommendation put forward for delegated authority to be provided in accordance with the recommendations in section 2 of this report.
- 8.3 The site in its current position continues to pose a risk in terms of site security, ASB and general health and safety.

9. Equality and Diversity Implications (including the public sector equality duty)

- 9.1 The continued review of the Council's asset portfolio and any associated redevelopment will ensure all vulnerable groups are considered and appropriate facilities are continued to be provided across the borough in a more targeted manner.
- 9.2 All open market offers would be assessed and evaluated to ensure any future development meets the needs of the community and all users

10. Other Relevant Implications

- 10.1 The disposal and redevelopment of the property will offer a range of health and wellbeing benefits alongside supporting delivery of the Regeneration Pipeline through improving and developing assets and places for people to live.
- 10.2 The repurposing and regeneration of the Boroughs assets will also ensure that they serve as a key driver of the Boroughs economy and will create more employment and training opportunities for the residents of Sandwell.
- 10.3 Development of the site to modern standards will contribute to reducing the Borough's carbon emissions and will help to meet the targets set out in the Council Climate Change Strategy.

11. Background Documents

- 11.1 Cabinet report 24 November 2021 (Minute 216/21 refers)

12. How does this deliver the objectives of the Strategic Themes?

- 12.1 This report will support the delivery of the following Strategic Themes:-
 - Living in Sandwell
 - Healthy in Sandwell
 - Thriving Economy in Sandwell
- 12.2 The recommendations identified will contribute to a stronger and more inclusive economy by regenerating and maximising local asset use and promoting local employment and spend. It will also contribute to ensuring strong, healthy and resilient communities by providing modern, well equipped supported living accommodation enabling more vulnerable residents to live in a safe environment within the local community.

Relevance Check

Budget Reduction/Service Area:

Service Lead

Date:

In what ways does this Budget reduction have an impact on an outward facing service? How will the service feel different to your customers or potential customers?

N/A

If not, how does it impact on staff e.g. redundancies, pay grades, working conditions? Why are you confident that these staff changes will not affect the service that you provide?

N/A

Is a Customer Impact Assessment needed? No