



Mersey Care
NHS Foundation Trust

Community and Mental Health Services

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Prescot
L34 1PJ

Laura Eastwood
Principal Planning Officer
Ribble Valley Borough Council
Council Offices
Church Walk
Clitheroe
Lancashire
BB7 2RA

23 September 2020

Dear Ms Eastwood

LAND & HOUSES ON MITTON ROAD - INCLUDING 1-14 QUEEN MARY TERRACE AND 15-32 BRIDGE TERRACE, CLITHEROE, LANCASHIRE (“THE PROPERTY”)

Mersey Care NHS Foundation NHS Trust (“The Trust”) is currently ‘under offer’; to Prospect Homes following a marketing campaign in late 2019 to dispose of the land and houses on Mitton Road, Whalley. As the current freeholder of the Property, our selected developer has shared the pre-application response that you have provided on 02 September 2020 for application reference RV/2020/ENQ/00062. As an NHS Trust it is not our place to comment on technical town planning matters. We will leave Prospect Homes and their consultants to address these comments. Where we do feel obliged to respond is linked to the incorrect comments you have made in relation to the status of the Property as being affordable housing for key workers. This letter therefore responds to the following points

1. Rental Values
2. Demand & Condition

3. The Council's desire to acquire the Property

1. Rental Values

Whilst we are delighted that you have acknowledged that the principle of residential use is considered acceptable, we disagree that the redevelopment of the Property would result in the loss of affordable rented properties. The houses on Mitton Road have never been encumbered with any S106 agreement or restriction on title that the houses must be used in perpetuity as affordable housing for key workers. As far as the Trust is aware, any of these houses could be passed to a local estate agent and let to anyone at a Market Rent. By way of background, the Trust had the whole of the Whalley site transferred to them when Calderstones NHS Trust was dissolved and all property assets were transferred via a statutory transfer. The internal corporate knowledge is therefore limited, but what is clear is that any current difference between passing rent and market rental levels of the houses is down to the fact that letting the residual houses was not the core business of the current Estates & Facilities team so no thought was given to the possibility of implementing rent reviews particularly when the houses were identified for disposal. Whilst the Trust has not managed or actively pursued reviewing the rent of each property, we have taken the opportunity to carry out high level comparison of the rents of the most recently occupied houses against what is currently available on Rightmove in Whalley. We set out below the level of rents that are being/were paid:

Property Address	Rent Per Calendar Month ("PCM")
6 Queen Mary Terrace	£540
12 Queen Mary Terrace	£525
15 Bridge Terrace	£540
27 Bridge Terrace	£580
29 Bridge Terrace	£570
31 Bridge Terrace	£570
32 Bridge Terrace	£580

A search on Rightmove will show a range of rents for 2 and 3 bedroom houses, the majority of which are based on second hand stock. We agree that one would expect to see a range of rents in a location like this linked to the age and condition of property. The current evidence suggests that based on the range currently available on the market, the Trust is receiving in most cases, rents in excess of what is available. By way of example, a simple search at the date of this letter identifies an unfurnished house on Railway View described as being "mid terrace with off road parking" and located a similar distance from Whalley and now let at £550pcm. We therefore believe that it can easily be demonstrated that the Trust's houses, based on the location and distance from Whalley village; current fit out; specification and condition, that the Trust is receiving a Market Rent and not an affordable rent as described by you.

In conclusion;

the Property is not an affordable product; is not restricted or encumbered to be affordable housing and the rental levels being paid are akin to Market Rent.

2. Demand and condition.

You have stated that due to the lack of maintenance and upkeep of the Property that the Trust has forced many tenants to leave. This incorrect statement does not show any understanding of the trend across the NHS where the demand for staff to live 'on site' has diminished. A recent survey by the Royal College of Nursing has also highlighted this. NHS staff have therefore turned to the private sale or rental market to secure a home. It is perhaps more pertinent in the mental health sector where staff are faced with a challenging work life/ environment and they require some physical and psychological distance away from the place that they work. As stated above it is not the core business for any NHS Trust to own, manage or let residential accommodation. The lack of sufficient demand therefore does not warrant much needed financial resource to be diverted away from the clinical front line to the refurbishment of property. In fact, a capital receipt from the sale of this Property will help the Trust to maintain and enhance its clinical estate to deliver much needed healthcare facilities across the Trust's portfolio

Of the households remaining at the Property, you have highlighted that all currently work for the Trust or have worked in the past. We would like to correct this statement as only one tenant is an active member of staff and the Trust therefore does not see that it should be offering houses to those who no longer work for them

Whilst you have stated that some of the tenants in the Property have come forward for your assistance to be rehoused, some of them came forward to acquire their own Property during the marketing campaign last year. During the recent marketing campaign, mortgage offers were secured with evidence of the deposits required to meet the offer prices for the house. Due to the fact that the Trust did not receive offers on all of the houses by single occupants the best route forward was to sell all of the units as a single lot. The reason for highlighting this is that one of the remaining tenants bid to purchase their property during the marketing campaign so must have access to the funds necessary to move on into private accommodation and therefore it is not for an NHS body to continue to accommodate people who no longer work at the Trust and can clearly afford to move out. In fact, one household has revealed that they have an offer in for a house and will relocate when they complete in approximately 9 weeks.

In conclusion; It is not the core business for any NHS Trust to own, manage or let residential accommodation. A capital receipt from the sale of this Property will help the Trust to maintain and enhance its clinical estate which supports the Trust's core business. Furthermore, only one of the remaining tenants is an active Trust staff

member and another tenant has demonstrated that they do have the means to acquire a suitable property.

3. The Council's desire to acquire the Property

You have commented that the Council tried to secure a sale of the Property. This is correct, however, again we feel it is important to set out some of the history of this interaction to provide valuable context to the comments that you have made. Initial interest was put forward a couple of years ago by Moss St Vincent via Colin Hirst. At that point in time there was no discussion about how much they would pay. Subsequently Moss St Vincent's did put forward a bid of £4.2m before our agent, Montagu Evans was appointed. This bid was based on zero due diligence and was highly caveated. There was no confidence that the offer on paper would translate into a transaction.

Like any Public Sector organisation, the Trust must secure best value for the sale of their assets. This is enshrined in Health Building Note 00-08, or more colloquially known as NHS Estatecode. Moss St Vincent's were informed that they were not classed as a Priority Purchaser and for a sale to proceed the Trust required an open and transparent marketing process to demonstrate value for money for the Public Purse. This was understood by the Moss St Vincent's representative and they were invited to bid late last year with the rest of the market. Moss St Vincent's were provided with marketing collateral and access to the on-line information pack. Viewings were carried out by them with and their contractors. A bid was issued by the deadline and was sub £1m. Their offer was based on full demolition of all the houses with a new build scheme. The Trust received 16 offers and Moss St Vincent's offer was completely out of kilter with the tone of the rest of the market. At this point their offer was dismissed.

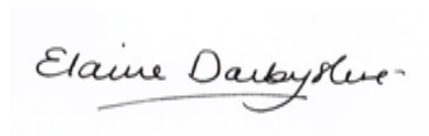
In conclusion the body representing the Council on the acquisition was given an equal opportunity to perform and acquire the Property, however the offer put forward did not represent best value in accordance with NHS Estatecode.

We trust that this letter helps clarify the Trust's position in relation to the inaccurate assumptions made about the affordable status of this Property. We understand that Prospect Homes will have to provide some affordable housing associated with their redevelopment proposals and that this should be based on the uplift in the number of dwellings that currently exist. There are currently 32 dwellings and therefore the scheme proposal of 49 dwellings suggests that they will provide 5 units (which is 30% of the 17 extra units being constructed). We understand that this is in accordance with your Housing Needs Assessment dated January 2012 Appendix 1, point 2, at page 8 states that:

"Where dwellings are to be re-developed/replaced, the net additional dwellings created will determine the required provision".

Your policy seems clear that our selected developer is proposing a policy compliant scheme. The Trust is therefore supportive of the developer in its aspirations to improve and enhance this corner of the Whalley Hospital site with good quality homes. We would therefore like the Council to support the development of this site in a positive way and help deliver a much needed capital receipt for the NHS.

Yours sincerely

A handwritten signature in black ink that reads "Elaine Darbyshire". The signature is written in a cursive style with a horizontal line underneath the name.

Elaine Darbyshire
Executive Director of Communications and Governance