

<b>Item No.</b> 16	<b>Classification:</b> Open	<b>Date:</b> 18/07/06	<b>Meeting Name</b> Executive
<b>Report title:</b>		<b>Hopfields Service Station, 747 Old Kent Road, London, SE15 (Acquisition of property)</b>	
<b>Ward(s) or groups affected:</b>		Livesey Ward	
<b>From:</b>		Strategic Director of Regeneration / Strategic Director of Environment and Leisure	

### **RECOMMENDATION**

1. That the Executive authorise the Strategic Director of Regeneration to acquire the freehold interest in Hopfields Service Station, 747 Old Kent Road, London, SE15 further to the decision of the Executive on 18 May 2004.
2. That the Executive authorise the Strategic Director of Regeneration to agree to pay Third Party Professional Costs.

### **BACKGROUND INFORMATION**

3. The general principle to proceed with construction of a new waste management facility was approved at the Executive meeting on 18 May 2004.
4. National Grid Property Holdings Limited (NGPH), formerly British Gas, owns the Old Kent Road gas works site. The site totalling approximately 25 acres was formerly used as a town gas production and storage facility. Lattice currently uses approximately 11 acres for gas storage and supply. The remainder of the site (14 Acres) is currently let out on short-term leases. The site is generally under-utilised. The site has been allocated in the emerging UDP for use as a waste management station and other Council facilities.
5. Due to the volume of traffic Transport for London will require a new junction on to the Old Kent Road for the waste management station. In order to provide this access, the two sites required, the Hopfields service station (subject of this report) and Philip Morris site. In October 2004 the Council Executive approved the purchase of the freehold interest in the Phillip Morris Site, adjacent to the Hopfields service station. Negotiations have taken place with the owner of Hopfields service station and a price agreed, subject to Executive approval.

### **KEY ISSUES FOR CONSIDERATION**

6. The freehold title of the property is owned by Murco Petroleum Limited and operated as a Jet service station. There are no charges or third party rights on the title. The site will be purchased with vacant possession.
7. The Council by obtaining vacant possession on completion will be able to

demolish the premises and remediate the site ready for the construction programme.

8. The Council has issued notice to Murco Petroleum Limited to compulsory acquire the site under the 'Planning and Compulsory Purchase Act 2004 but has agreed to stay further action pending agreement upon the terms set out in this report. In the event that exchange of contracts does not take place before the 30th September 2006 the Council has reserved the right to proceed to seek to acquire the site by formal process under the Act. Such action would not preclude both parties reaching a voluntary settlement.
9. The early and voluntary purchase of the freehold interest in this property removes the requirement to use compulsory purchase powers and the increased purchase costs of such an action. The property upon purchase will be held within the Commercial Property Holding Account.

### **Policy implications**

10. The provision of the new waste management facility will assist the Council to meet its commitment to recycling and sustainability in refuse disposal as demonstrated in the Council's Waste Management Strategy 2003 - 2021.
11. No additional issues arise from the acquisition. These are dealt with in the earlier decisions about the waste disposal facility.

### **Sustainability Implications**

12. Acquisition sustainability implications arise in the development and use rather than the purchase of the property interest. The Council's Waste Management Strategy and the Council's emerging Unitary Development Plan address these issues insofar as they are currently identified.

### **Community Impact Assessment**

13. It is considered that the impact on the local community of the proposal to develop this site will be positive, as it is considered an essential step towards progressing the Council's Integrated Waste Management Solutions (PFI) Contract and the related the development of the Council's own waste management facilities that are needed to address the rising cost and environmental implications of waste.
14. The proposed development is subject to the receipt of planning consent, and therefore those individuals and businesses adjoining the site, will be consulted further on the Council's proposals as part of the statutory process.
15. While the closure of the service station will lead to a minor net loss in employment in the area this will be mitigated by the increase in local employment brought about by the proposed waste management facility.
16. There are no direct implications of the report's recommendations on the Council's Managing Diversity and Equal Opportunities Policy or Human Rights implications.

## **Resource Implications**

17. This report seeks approval for the acquisition of the freehold interest in the Land. In addition VAT at 17.5% will be levied on the purchase price.
18. The Council will incur stamp duty levied at 4% of the purchase for the site.
19. In addition to the purchase costs the Council has agreed to pay for the cost of any remediation works to the site up to an agreed limit. If remediation costs exceed this agreed fee any balance over that amount will be borne by Murco Petroleum Limited.
20. The Council will in addition be responsible for paying Murco Petroleum Limited's professional fees payable upon exchange of contracts.
21. These additional costs will be charged against the capital budget for the OKRA site acquisition and associated works.
22. The property upon purchase will be held within the Commercial Property Holding Account. There will be no loss of revenue income as a result of the acquisition.
23. The ratable value of the property was £14,750 in December 2004.

## **SUPPLEMENTARY ADVICE FROM OTHER OFFICERS**

### **Chief Finance Officer**

24. Council Assembly on 22 February 2006 approved the acquisition of the Old Kent Road site in support of the integrated waste management solutions (PFI) contract through the use of prudential borrowing in order to best protect the Council's investment in view of the Mayor's proposals for a London Single Waste Authority. The decision of Council Assembly covers the acquisition of the Hopfields Service Station, the subject of this report.
25. At the time of preparing this report the outcome of the Mayoral review is not known. If responsibilities for waste disposal and/or waste collection transfer to the Mayor, the Government has indicated that associated land assets transfer too. In view of this very real risk, Council Assembly decided that the Council's interests would be best protected if the Old Kent Road site and associated costs were acquired through prudential borrowing, as there is precedent for the debt and associated borrowing costs transferring along with the land assets. Officers have sought assurances from the Government to this effect and officials responded that the Government would take into account "issues relating to the management, transfer, support and servicing of debt". Government officials also indicated that there was no similar precedent for compensation for assets funded from the Council's own capital resources (disposable capital receipts).
26. The Executive will be advised of the outcome of the Mayoral review and its implications for the Waste PFI project and land acquisitions.

### **Borough Solicitor and Secretary**

27. It is recommended that the Executive authorise the Strategic Director of Regeneration to acquire the freehold interest in Hopfields Service Station, 747 Old Kent Road, London, SE15 further to the decision of the Executive on 18 May 2004.
28. It is also recommended that the Executive authorise the Strategic Director of Regeneration to agree to pay third party professional costs.
29. Section 120(1) of the Local Government Act 1972 ("the Act") states that a Council may acquire by agreement any land whether situated inside or outside their area, for the purposes of:
  - (a) Any of their functions under that or any other enactment, or
  - (b) The benefit, improvement or development of their area.
30. Sub-section (2) of the Act enables the Council to acquire by agreement any land for any purpose for which they are authorised by that or any other enactment to acquire land, notwithstanding that the land is not immediately required for that purpose; and, until it is required for the purpose for which it was acquired land acquired under that section may be used for the purposes of any of the Council's functions.
31. The management of waste falls within the Council's statutory functions and therefore Executive may proceed with the approval of the recommendations.

### **Director of Environment & Leisure**

32. The acquisition of the Old Kent Road gasworks site is considered an essential step towards progressing the Council's Integrated Waste Management Solutions (PFI) Contract and the related the development of the Council's own waste management facilities that are needed to address the rising cost and environmental implications of waste as detailed within the Council's adopted Waste Management Strategy (2003 – 2021).
33. The Hopfield service station and the Phillip Morris building acquisitions are critical to enable a new access to the site to service the waste management facilities. Without the purchase of the Old Kent Road site and the access, the Council runs the risk of relying on other authority's waste management facilities with the potential increased cost and risk involved in doing so.

## BACKGROUND DOCUMENTS

Background Papers	Held At	Contact
<i>Waste Management Strategy (2003-2021)</i>	<i>Environment and Leisure Services</i>	<i>Will Gardiner. Resource Programme Manager. 0207 525 2478</i>
<i>Property Acquisition Files</i>	<i>Property Development / Sales Chiltern, Portland Street</i>	<i>Chris Le May 020 7525 5480</i>
<b>Gateway 1 - Procurement Strategy Approval</b> Integrated Waste Management Solutions Programme - Waste PFI Contract Procurement <i>Executive Report</i>	<i>Environment and Leisure Services</i>	<i>Will Gardiner. Resource Programme Manager. 0207 525 2478</i>
Report to the Executive. "Integrated Waste Management Contract" (18 <sup>th</sup> May 2004)	<i>Environment and Leisure Services</i>	<i>Will Gardiner. Resource Programme Manager. 0207 525 2478</i>

## APPENDIX A

### Audit Trail

<b>Lead Officer</b>	Jeremy Pilgrim	
<b>Report Author</b>	Chris Le May	
<b>Version</b>	Final	
<b>Dated</b>	July 7 2006	
<b>Key Decision?</b>	Yes	
<b>CONSULTATION WITH OTHER OFFICERS / DIRECTORATES / EXECUTIVE MEMBER</b>		
<b>Officer Title</b>	<b>Comments Sought</b>	<b>Comments included</b>
Borough Solicitor & Secretary	Yes	Yes
Director of Environment & Leisure	Yes	Yes
Chief Finance Officer	Yes	Yes
<b>Executive Member</b>	Yes	No
<b>Date final report sent to Constitutional Support Services</b>	Friday 7 July	

**APPENDIX B**

**ORDNANCE SURVEY EXTRACT**