

Item No. 26.	Classification: Open	Date: 22 July 2014	Meeting Name: Cabinet
Report title:		Disposal of Site A – 5 Nunhead Green, SE15 3QQ	
Wards affected:		The Lane	
From:		Councillor Fiona Colley, Finance, Strategy and Performance	

FOREWORD - COUNCILLOR FIONA COLLEY, CABINET MEMBER FOR FINANCE, STRATEGY AND PERFORMANCE

Over the last four years both the community and the council have worked hard alongside architects The AOC to develop plans for the sites of the former Nunhead Early Years Centre and the old Community Centre. These sites are at the heart of Nunhead - both in terms of the communities' needs and the prominence of the sites within the Nunhead Green conservation area.

Last year I was delighted when we achieved planning consent for eight new family council houses (designed by PLP), a new community centre and fourteen attractive new homes for private sale (designed by The AOC). The council has appointed contractors and work is underway to build the new community centre and council houses and I'm pleased to be bringing forward this report to grant a lease for the development of the private sale homes. This sale will not only provide a substantial receipt to help fund the improvements in the area, it will also move us forward towards completing the regeneration of Nunhead.

The design of the new homes is in keeping with other key buildings in the conservation area - a modern interpretation of the Arts & Crafts style of the nearby Alms Houses and the Old Nun's Head pub. The homes have also been designed to protect the "Nunhead Willow", a tree that is such a local landmark it has its own Twitter feed!

With the shop front improvements completed, works to the Green and public art projects underway we now are seeing a real revival of Nunhead's high street with new shops such as a cobblers, vintage furniture shop, estate agents and bike shop opening. There can be no doubt that we are well on our way to delivering our promise to "put the village back in Nunhead".

RECOMMENDATIONS

That the cabinet authorises

1. The disposal of the council's freehold interest in Site A - 5 Nunhead Green, SE15 3QQ ("the property"), as shown edged black on the plan in Appendix 1, to the party on the terms outlined in the closed version of this report. Delegating authority to the head of property to agree the detailed terms of the transaction and negotiate any other items considered necessary.
2. The disposal of the property to an alternative bidder should the recommended purchaser not enter into contracts within a reasonable period as long as the transaction continues to represent the best consideration reasonably obtainable.

BACKGROUND INFORMATION

3. The council is the freeholder of the property edged in black on the attached plan at Appendix 1. The property extends to approximately 2,727m² (0.67 acres) and is split into two sections with frontages to Nunhead Green and Nunhead Lane (A2214) and Scylla Road.
4. The property is held in the council's general fund.
5. The property comprised a single storey 1970's built day nursery and associated grounds. The building was in poor condition and was nearing the end of its economic life.
6. On 6 March 2007, the council's executive approved the relocation of the childcare services from Nunhead Green Early Years Centre (EYC) to Rye Oak Primary School creating a comprehensive Children's Centre. The Executive noted that "upon conclusion of the relocation of childcare services into the proposed development at Rye Oak Primary School, property assets at Rye Oak Primary School and Nunhead Green EYC may be declared surplus to the children's services department's needs."
7. The executive also instructed the head of property to commence an "examination into the future use and development of surplus property assets at Rye Oak Primary School and Nunhead Green Early Years Centre including exploring with Southwark Primary Care Trust the feasibility of developing a health facility, subject to the surplus declaration" The Primary Care Trust were consulted by officers and had no need or future use for the site.
8. The executive further asserted "that the local community should be consulted including the community council and local community groups at the earliest opportunity and regularly throughout the process of formulating options for future use".
9. After a temporary use by another private nursery whilst building works were completed at their facility, the property fell vacant and therefore was surplus to the requirements of children's services department.
10. At the same time the Nunhead Community Centre at 56 Nunhead Lane was closed and refurbishment deemed un-economic. In line with the 2007 executive decision the Head of Property instructed officers to consult with the local community and formulate options for both sites and then seek planning consent for both sites.
11. The development brief for both sites was to provide a new community centre, affordable housing and private housing. The affordable housing to be built and retained by the council as part of the 1,000 new homes strategy, the community centre to be built and let to a local community group and the private site to be sold to raise revenue.
12. Both sites A & B are designated in the soon to be adopted Peckham & Nunhead Area Action Plan (sites 15 & 16). A planning consent was sought that met the policy aspirations in the plan.

13. After several public consultation events and design sessions between the council's appointed architect and the local community group Nunhead's Voice who had been identified as the potential lessee of the community centre. Planning & Conservation Area consent was granted in June 2013 (ref 13/AP/1767 & 13/AP/1768) for a development comprising: eight affordable homes on Site B, a new community centre, 8 houses and six flats on site A.
14. A contractor has been appointed to build the community centre and is currently preparing the site for redevelopment. The remainder of site A designated for the private housing was intended to be sold and this report seeks approval for the terms of this sale.
15. The council's property team marketed the property for sale by informal tender. The council's property & legal teams prepared a comprehensive pack of background information and specialist reports related to the property to help inform potential bidders.
16. The property was marketed for a period of two months culminating in best bids being received on the 25 April 2014. Marketing included two print advertisements in the Estates Gazette, a banner on the Estates Gazette website linking to the details on the council's property for sale web page and a "for sale" board was also erected at the site. A total of 124 enquiries were received from which 14 bids were made from 12 separate bidders.
17. The closed agenda report carries details of the offers received and for reasons of commercial confidentiality it is not possible to report these on the open agenda. The transaction being recommended will allow the implementation of the planning consent within a suitable time period with safeguards in place to ensure the developer builds the consented scheme.

KEY ISSUES FOR CONSIDERATION

18. Councils are required to dispose of surplus property assets subject to best consideration requirements. Specifically, the council has a duty under Section 123 of the Local Government Act 1972 to dispose of land for the best consideration that could be reasonably obtained. The head of property confirms that the sale of the property as recommended will comply with these requirements and the price achieved is the best that could be reasonably obtained at this time.
19. The contract will contain overage clauses triggering further payments to the council should certain sales thresholds be exceeded or the property sold on within a ten year period for more than the original consideration.
20. When it is completed, the redevelopment of the property should have benefits for the local community including the provision of new housing. The sale of the property will ensure that it is brought back into beneficial use.
21. The property will be offered with full vacant possession prior to completion of the sale. The council does not own any interest in any of the companies bidding.
22. The substantial capital receipt that will be generated as a result of the sale of the property will make a significant contribution to the council's Capital Programme.
23. As the property is held in the council's general fund it is considered less suitable

for the council's scheme of Direct Housing Delivery Programme than sites already held in the Housing Revenue Account such as site B.

Policy implications

24. The disposal of the property will generate a substantial capital receipt which will be used to provide capital funding in support of the council's key priorities.
25. The environmental improvements arising from the redevelopment of this site will assist the council in meeting its cleaner, greener and safer agenda. All new dwellings arising from the redevelopment have been designed to meet level 4 of the code for sustainable homes, 20% of the site's energy requirements will come from renewable sources and the new community centre is targeting BREEAM Excellent status.

Community impact statement

26. The capital receipt to be realised as a result of the transaction will assist with delivery of the council's corporate objectives, achieving its stated budget principles and working together with communities towards a 'fairer future for all'.
27. It is not considered that the sale will have any adverse affect on any of the protected characteristics of age, disability, gender reassignment, pregnancy & maternity, race, religion or beliefs, sex or sexual orientation. The site is vacant and the services previously supplied at the site have been re-provided. The re-provision of the community centre will mitigate any impact of the closure of the previous centre on site B. The new centre will be a fully accessible community facility open to all. It is therefore considered that the duties under the Equality Act 2010 have been satisfied.
28. The planning consent to be delivered was consulted on extensively exceeding the statutory responsibility of the council.
29. Redevelopment of this site is likely to have a positive effect on the local environment and streetscape.

Resource implications

30. This proposal will generate a capital receipt, expected in the financial year 2014/15.
31. The buyers will also make a contribution towards the council's administration costs.
32. There will be no loss of income from the site arising from the disposal. Disposal will remove the need for expenditure on void management and running costs.
33. The costs of obtaining the planning consent and s.106 and Mayoral Community Infrastructure Levy which have been incurred by the council will be recouped in the sale receipt.

SUPPLEMENTARY ADVICE FROM OTHER OFFICERS

Director of Legal Services

34. The property falls within the council's general fund. Cabinet is advised that the disposal of land held by a principal council may only proceed in accordance with

section 123 of the Local Government Act 1972. This section states that property may not be disposed of by a principal council “for a consideration less than the best that can reasonably be obtained”. In paragraph 18 above the head of property confirms that this is the best consideration achievable in the current market

35. The cabinet is therefore advised that there are adequate powers available to the council to enable it to dispose of the property by agreement and the cabinet may approve the recommendation.

Strategic Director of Finance and Corporate Services (FC14/005)

36. This report seeks cabinet approval for disposal of the council’s freehold interest in Site A - 5 Nunhead Green, SE15 3QQ. The financial implications are contained within the closed version of this report.
37. The strategic director of finance and corporate services notes that this offer represents best consideration and will generate a significant receipt to support the general fund capital programme in 2014/15.

BACKGROUND DOCUMENTS

Background Papers	Held At	Contact
None		

APPENDICES

No.	Title
Appendix 1	OS plans, indicating the Property – edged black

AUDIT TRAIL

Cabinet Member	Councillor Fiona Colley, Finance, Strategy and Performance	
Lead Officer	Eleanor Kelly, Chief Executive	
Report Author	Tim Surry, Surveyor	
Version	Final	
Dated	10 July 2014	
Key Decision?	Yes	
CONSULTATION WITH OTHER OFFICERS / DIRECTORATES / CABINET MEMBER		
Officer Title	Comments Sought	Comments included
Director of Legal Services	Yes	Yes
Strategic Director of Finance and Corporate Services	Yes	Yes
Cabinet Member	Yes	Yes
Date final report sent to Constitutional Support Team	10 July 2014	