

Item No. 19.	Classification: Open	Date: 18 November 2014	Meeting Name: Cabinet
Report title:		Sale of 29 Bath Terrace, London SE1 6PS	
Ward or groups affected:		Chaucer	
Cabinet Member:		Councillor Fiona Colley, Finance, Strategy and Performance	

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

This report recommends the sale of the freehold of 29 Bath Terrace to the holder of the long lease on the building. As the property is held within the HRA, the sale will generate a sizeable receipt to help fund the council's housing investment programme.

The building currently houses the Uxbridge Arms Pub on the basement and ground floor and HMO type privately rented rooms on the first and second floors. The purchaser intends to redevelop the building with a new pub/bar and flats above.

Given our policy objective to protect pubs and bars I am recommending that we make the re-provision of the pub a contractual requirement rather than relying solely on the planning process and the goodwill of the purchaser.

RECOMMENDATIONS

That cabinet agrees:

1. The sale of the freehold interest in 29 Bath Terrace, London, SE1 6PS, (the Property) on the principal terms set out in the closed report. Subject to a contractual agreement to re-provide a commercial unit falling within use class A4 (Drinking establishments - Public houses, wine bars or other drinking establishments (but not night clubs)) at this location.
2. The head of property be delegated to agree the detailed terms of the transfer.

BACKGROUND INFORMATION

3. The property is located in the Elephant and Castle area, bounded by the Rockingham Estate. A location plan is attached in Appendix 1, which highlights the property.
4. The council holds the freehold interest in the property and this interest is held within the council's housing revenue account. It is subject to a long lease with approximately 20 years to expiry, held by the proposed purchaser. The property itself is a purpose built public house and associated residential space. It consists of a basement, ground floor and two upper floors.
5. The ground and basement floors are used as a public house, associated storage and offices while the first and second floors are in residential use. The rooms on the upper floor are rented out individually with shared kitchenettes and bathroom

facilities. The public house currently trades as the Uxbridge Arms.

6. The agreed terms of purchase are set out in the closed report. The purchaser intends to redevelop the Property in accordance with the Council's planning policies, with the public house use re-provided in the new development.

KEY ISSUES FOR CONSIDERATION

7. The Elephant and Castle area has been undergoing a great deal of regeneration and the redevelopment of this property will contribute to the regeneration programme and provide good quality residential accommodation.
8. The redevelopment of the property will be in line with the Council's existing planning policies.
9. A new commercial unit falling within use class A4 (Drinking establishments - Public houses, wine bars or other drinking establishments (but not night clubs)) will be provided in the new development to replace the current A4 ground floor use in addition to the creation of new high quality residential units.
10. The council will receive a capital sum as consideration for the sale of the freehold interest in the property and the capital receipt can be used to deliver other council objectives. It is confirmed that the offer being recommended represents market value.
11. The disposal of properties held for housing purposes is permitted by virtue of Section 32 of the Housing Act 1985, subject to the consent of the Secretary of State for the Department for Communities and Local Government. It is confirmed that disposal is not to a body in which the local authority owns an interest.
12. The property was declared surplus to operational requirements on 24 October 2014.

Policy implications

13. The property is within the core strategy central activity zone and the designated major town centre of Elephant and Castle. It is also within the Elephant and Castle Opportunity Area boundary.
14. Elephant and Castle Opportunity Area Supplementary Planning Document and Opportunity Area Planning Framework (SPD /OAPF) set out of vision of creating around 4,000 homes. The creation of good quality homes on this site will contribute towards realising that vision. The SPD / OAPF, will support additional residential use within the Rockingham Estate area.
15. The substantial capital receipt generated from the sale will help fund the councils housing investment program and help further the councils fairer future policies particularly promise 3 - Quality Affordable Homes.
16. The environmental improvements arising from the redevelopment of the site will assist the council in meeting its cleaner, greener and safer agenda. Any new dwellings arising from the redevelopment will be designed to meet latest energy efficiency building regulations.

Community impact statement

17. 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'.
18. It is not considered that the sale will have any adverse effect on any of the protected characteristics of age, disability, gender reassignment, pregnancy & maternity, race, religion or beliefs, sex or sexual orientation. The proposed redevelopment will make provision for similar bar or restaurant use for the benefit of the community.
19. The buyer will be required to consult local residents, businesses & stakeholders as part of the planning application process.
20. Redevelopment of this site is likely to have a positive effect on the local environment and streetscape.

Resource implications

21. The negotiations have been carried out by officers within property services and the proposed purchaser will pay a reasonable sum for the time expended in dealing with the matter.
22. Officers from legal services will be involved in drafting and agreeing the final contract. Their time working on the case will also be reimbursed by the prospective purchaser.

Financial implications

23. Details of the capital receipt payable to the council on completion of the sale are set out in the closed report.
24. The capital receipt is expected in the financial year 2014/15.

SUPPLEMENTARY ADVICE FROM OTHER OFFICERS

Director of Legal Services

25. Section 1 of the Localism Act 2011 grants councils a general power of competence whereby a local authority has power to do anything that individuals generally may do. However, that power does not enable a local authority to do anything which it is unable to do by virtue of a pre-commencement limitation. Section 32 of the Housing Act 1985 is a pre-commencement statute which imposes limitations on the council's powers of disposal.
26. As the property falls within the council's housing portfolio, the disposal can only proceed in accordance with Section 32 of the Housing Act 1985, for which purposes the consent of the Secretary of State for Communities and Local Government is required.
27. A number of general consents have been issued in the General Housing Consents 2013. Consent A3.1.2 of the General Consent of the Disposal of Land

held for the purposes of Part II of the Housing Act 1985-2013 states that a local authority may dispose of land for a consideration equal to its market value, subject to exceptions contained in paragraph A3.1.2. The exceptions in paragraph A3.1.2 are disposals to a body owned or partly owned by the local authority, disposals that fall into a separate consent for reversionary interest in houses and flats and disposals that would result in a local authority tenant becoming the tenant of a private landlord; none of these exceptions apply here.

28. The report confirms in paragraph 10 that the price agreed with the prospective purchaser represents market value.
29. The report also confirms at paragraph 12 that the Property was declared surplus to operational requirement.
30. Cabinet may proceed with the approval of the recommendation.

Strategic Director of Finance and Corporate Services (FC14/025)

31. The strategic director of finance and corporate services notes the recommendations in this report for the sale of the freehold interest in 29 Bath Terrace, London, SE1.
32. The receipt is an unconditional offer with an overage clause depending on planning permission and sales values. The capital receipt will be used to fund other projects within the council's capital programme. The purchaser will pay towards the council's costs in dealing with the matter.

BACKGROUND DOCUMENTS

Background Papers	Held At	Contact
None		

APPENDIX

No.	Title
Appendix 1	Location Plan

AUDIT TRAIL

Cabinet Member	Councillor Fiona Colley, Finance, Strategy and Performance	
Lead Officer	Eleanor Kelly, Chief Executive	
Report Author	Bunmi Olafare, Senior Surveyor	
Version	Final	
Dated	7 November 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 Team	7 November 2014	