

<b>Item No.</b>	<b>Classification</b> Open	<b>Date:</b> 2 <sup>ND</sup> December 2003	<b>MEETING NAME</b> Executive
<b>Report Title</b>	Bermondsey Spa Regeneration Area Site: T – Disposal Arrangements		
<b>Ward (s) or groups affected</b>	Riverside and Grange		
<b>From:</b>	Strategic Director of Regeneration		

## RECOMMENDATIONS

1. That approval is given to proceed with negotiations to dispose of the site; that the Director of Regeneration is given delegated authority to agree Heads of Terms and final contract details, and that the Borough Solicitor progress contracts through to exchange and completion.
2. That a proportion of the capital receipt received be recycled in accordance with the Capital Finance Regulations and applied towards the costs of undertaking the provision of council facilities within the Bermondsey Spa Regeneration project.

## BACKGROUND INFORMATION

3. Site T comprises a 0.1 hectare (0.24 acre) site in a prominent location on the corner of Spa Road in the Bermondsey Spa Regeneration Area as shown on the plan attached to the report. Its strategic importance is emphasised by the fact it overlooks Spa Gardens, which are to be re-modelled next year.
4. The Council's site comprises the Alfred Salter Neighbourhood Housing Office and Cash Office in a 1 & 2 storey building. Adjoining the Council's site is the Final Furlong Public House, which now has detailed planning permission for a residential development of 23 units on 6 storeys. There is now an opportunity to sell the Council's site to the adjoining developer to amalgamate the 2 sites and create a superior development that links other new developments either side on Spa Road and The Grange.

## KEY FACTORS FOR CONSIDERATION

5. The combined sites should allow the possibility of increasing the size and scale of development greater than if the 2 sites were developed in isolation. This means that the Council's site is worth marginally more by selling to the adjoining developer under a "special purchaser" arrangement. This additional value is known as "marriage value". However, this opportunity to combine the sites, and obtain marriage value has a narrow "window of opportunity" because the adjoining developer has capital tied up in his site and would wish to commence site works presently.
6. The timing for the Council is however quite fortuitous, because the Council's modernisation programme "Forward Southwark" has a requirement to use Bermondsey Spa as a pioneer for Face-to-Face delivery of its services using the

One-Stop-Shop principle. The current programme for this is to have a new service starting operation in January 2005. The proposal is to have a new temporary face-to-face office located in the car park adjoining 19 Spa Road. This will operate until the Council develops in the area, and this is currently programmed to be in place in 2008. The temporary building could be in use for up to 5 years.

7. The sale of the Council's Site T will produce a capital receipt which could be partly used to finance the cost of providing the temporary one-stop-shop. The Council's Architects, Lifschutz Davidson have been commissioned to provide some initial feasibility and design work.
8. If Executive agree the sale of Site T, then provision will need to be made for the relocation of the Neighbourhood Housing Office in the new temporary one-stop-shop building.

### ***Policy implications***

9. The sale of this property will help the Council's strategic objectives for capital receipts to fund the capital programme, and through redevelopment, help achieve other targets such as new quality housing and general regeneration.
10. The risks of using the receipt from the sale of this property to fund the provision of a new one-stop-shop are that if the sale of this property falls through, then the money will not be available to help fund the new facility.

### ***Effect of proposed changes on those affected***

11. If no alternative neighbourhood housing office was provided, then the proposal would reduce access to services and facilities to those who most rely on them. However, the proposal in the first instance is to provide a new temporary facility offering a full face-to-face service delivered in a new one-stop-shop within a new building next to 19 Spa Road.
12. In the longer term it is anticipated that such a permanent facility will be developed in the Spa Road area.

### ***Resource implications***

13. Site T is an HRA property. Normally, only 50% of the receipt would be re-useable, with 50% for set-aside. However, the recommendation in the report is to use the Capital Finance Regulations (Regulation 99 and Schedule 1) to re-use 100% of the receipt in the office and commercial elements of the Bermondsey Spa Regeneration Project.

### ***Consultation***

14. No specific consultation has taken place on the proposal for disposal to date with the general public. However, consultation between stakeholder officers has taken place.

## **SUPPLEMENTARY ADVICE FROM OTHER OFFICERS**

### ***Comments of the Chief Finance Officer***

See closed report

### ***Comments of the Assistant Chief Executive***

This report relates to the Review of Face to Face Services report considered on 25<sup>th</sup> November.

### ***Comments of the Borough Solicitor & Secretary***

Site T is held by the Council for housing purposes under the Housing Act 1985. Section 32 of the 1985 provides that local authorities may only dispose of such land, other than for certain short term tenancies, with the consent of the Secretary of State. In this case the Secretary of State has given a general disposal consent which enables local authorities to dispose of land not occupied by dwelling houses, provided that the authority receives the best consideration which is reasonably obtainable. The Director of Regeneration indicates in paragraph 4 of the report that best consideration will be achieved for the disposal.

As indicated in the report, as the property is currently held within the HRA, normally only 50% of the capital receipt generated would be useable, the remainder should be set aside for the repayment of debt. Regulation 99 of the Local Authorities (Capital Finance) Regulations 1997 permits enables local authorities to increase the useable proportion of capital receipts where the capital receipt is applied towards the provision of replacement land or buildings. In this particular instance, as the land is currently used as local authority offices the capital receipt can be used towards the acquisition of land for replacement offices or for the carrying out of works to provide offices. The receipt could therefore be used for the provision of new temporary building for a One-Stop-Shop adjoining 19 Spa Road as well as towards the costs of providing any other local authority offices required as part of the Bermondsey Spa Regeneration project. In order to make use of this provision the Council will have to dispose of a freehold interest or a leasehold interest for a term of not less than 125 years.

## BACKGROUND DOCUMENTS

Background Papers	Held At	Contact
Project Team File	Chiltern	Pete High - 55378

## APPENDIX A

### Audit Trail

<b>Lead Officer:</b>	Paul Evans, Strategic Director of Regeneration	
<b>Report Authors</b>	Pete High	
<b>Version:</b>	Final	
<b>Dated:</b>	24 <sup>th</sup> November 2003	
<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
Assistant Chief Executive	Yes	No
Director of Housing	Yes	Yes
Chief Finance Officer	Yes	Yes – in closed report
Executive Member	Yes	Yes
Date final report sent to Constitutional Team		24/11/03