

<b>Item No.</b> 19.	<b>Classification:</b> Open	<b>Date:</b> 19 Jul 2011	<b>Meeting Name:</b> Cabinet
<b>Report title:</b>		Sale of 15 Hampton Street, London SE1	
<b>Ward</b>		Newington	
<b>Cabinet Member:</b>		Councillor Richard Livingstone, Finance, Resources and Community Safety	

## **FOREWORD – COUNCILLOR RICHARD LIVINGSTONE, CABINET MEMBER FOR FINANCE, RESOURCES AND COMMUNITY SAFETY**

This report proposes the sale of the council's freehold interest in 15 Hampton Street, SE17 to the property's current occupiers: Elephant and Castle Nursery Limited.

The disposal will enable the nursery to improve their facilities for the local community whilst also generating a capital receipt for the council that we can then invest in our Capital Programme. This improvement is likely to increase the level of nursery provision available to residents of the Elephant and Castle as new homes are built in the area.

### **RECOMMENDATIONS**

That Cabinet agrees:

1. To the sale of the freehold interest in 15 Hampton Street London SE17 3AN ("the Property" the extent of which is shown in bold outline on the plan at Appendix 1) to Elephant and Castle Day Nursery Ltd on the principal terms set out in the closed report.
2. The Head of Property be delegated to agree the detailed terms of the transfer.

### **BACKGROUND INFORMATION**

3. The freehold interest in 15 Hampton Street is owned by the council and held within the council's commercial property portfolio. The Property comprises a single storey temporary structure constructed of timber frames and walls with felt covered roof. A location plan is attached in Appendix 1.
2. The Property fronts Hampton Street off Walworth Road and extends southwards round the corner along the adjacent Steedman Street as identified in the attached plan.
3. The Property is currently occupied by the Elephant and Castle Day Nursery Limited on the basis of a commercial lease. The nursery is run for children under the age of eight years.
4. The nursery operators are keen to improve their facilities and have approached the council to purchase the freehold interest in the Property. They realise the need for further long term investment in their current building, by way of

redevelopment, in order to be able to provide a better quality service. Negotiations have been carried out with Elephant and Castle Day Nursery Limited on the terms of the sale of the Property.

### **KEY ISSUES FOR CONSIDERATION**

5. This transaction presents an opportunity for the regeneration of 15 Hampton Street as part of the ongoing regeneration of the Elephant and Castle and Walworth area of Southwark.
6. The Elephant and Castle Day Nursery Ltd has not yet developed a scheme for the Property; however any proposal will have to be in line with the principles set out within the council's planning policy. It is possible that residential units will be included in their future proposals to maximise the development capacity of the Property.
7. The council will receive a capital sum in consideration for the sale of the Property. The capital receipt can be used to deliver other council objectives.

### **Policy implications**

8. The emerging Southwark Core Strategy prioritises development in the Elephant and Castle area. Elephant and Castle has been identified as a growth area with a target of around 4,000 new homes and 25,000 to 30,000 square meters of business floor space.
9. The Property is within the Core Strategy urban density zone, where density requirements are between 200 – 700 habitable rooms per hectare (hrh). Therefore there is capacity for the Property to contribute towards the achievement of new homes targets, whilst ensuring the retention of the nursery and the employment it provides.

### **Community impact statement**

10. Elephant and Castle Day Nursery provide an essential service to the community around Walworth and its environs. The Nursery operators have indicated their preference for the location around Hampton Street.
11. The retention of the Nursery in this location will ensure continuation of its service to the local community.

### **Resource implications**

12. The negotiations have been carried out by officers within Property Services.
13. Under the negotiated terms, Elephant and Castle Day Nursery Ltd will pay a reasonable sum for the time expended in dealing with the matter.
14. Officers from Legal Services will be involved in drafting and agreeing the final contract. Their time working on the case will also be part of the payment to be received from the purchaser.

## Financial implications

15. There will be a capital receipt payable to the council on completion of the sale details of which are set out in the closed report.
16. In order to ensure the capital receipt represents best consideration under the provisions of section 123 of the Local Government Act 1972, a second opinion valuation has been obtained from an independent valuation consultancy. Full details are set out in the closed report.

## SUPPLEMENTARY ADVICE FROM OTHER OFFICERS

### Strategic Director of Communities, Law & Governance

17. Section 123 of the Local Government Act 1972 states that except with the consent of the Secretary of State, a council shall not dispose of land under that section, otherwise than by way of a short tenancy, for a consideration less than the best that can reasonably be obtained.
18. The closed report indicates that the consideration being obtained for the Property is the best that can reasonably be obtained.
19. If the Cabinet is satisfied that the consideration is the best that can reasonably be obtained and that the transaction represents value for money, they may proceed with approval of the recommendation.

### Finance Director

20. This report recommends the sale of the freehold interest in 15 Hampton Street London SE17 3AN. The Finance Director notes that the disposal will yield a capital receipt, with independent advice confirming that best consideration will be achieved. The disposal is not conditional on planning consent being granted.

## BACKGROUND DOCUMENTS

Background Papers	Held At	Contact
Southwark Core Strategy	Planning Policy 160 Tooley Street London SE1 2QH	Tim Cutts 020 7525 5380

## APPENDICES

No.	Title
Appendix 1	Location Plan

## AUDIT TRAIL

<b>Cabinet Member</b>	Councillor Fiona Colley, Regeneration and Corporate Strategy	
<b>Lead Officer</b>	Eleanor Kelly, Deputy Chief Executive	
<b>Report Author</b>	Bunmi Olafare	
<b>Version</b>	Final	
<b>Dated</b>	7 July 2011	
<b>Key Decision?</b>	Yes	
<b>CONSULTATION WITH OTHER OFFICERS / DIRECTORATES / CABINET MEMBER</b>		
<b>Officer Title</b>	<b>Comments Sought</b>	<b>Comments included</b>
Strategic Director of Communities, Law & Governance	Yes	Yes
Finance Director	Yes	Yes
<b>Cabinet Member</b>	Yes	Yes
<b>Date final report sent to Constitutional/Community Council/Scrutiny Team</b>	7 July 2011	