

Item No 18.	Classification: Open	Date: 20 September 2011	Meeting Name: Cabinet
Report title:		Disposal of 4 Heaton Road, London SE15 3TH	
Ward(s) or groups affected:		The Lane	
Cabinet Member:		Councillor Richard Livingstone, Finance, Resources and Community Safety	

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

In November 2010, the cabinet agreed to dispose of our offices at 4 Heaton Road, SE15. This report proposes the sale of this property to the London Mutual Credit Union.

This sale not only generates a capital receipt for the authority, it also helps the Credit Union develop its valuable service for Southwark's residents. Furthermore, having an occupant for this currently empty premises may generate business at the southern end of Rye Lane at a time when it is important to have business confidence in the area in the wake of the August unrest.

RECOMMENDATIONS

Cabinet is recommended to approve:

1. The disposal of the council's freehold interest in 4 Heaton Road, London SE15 3TH ("the Property"), as shown edged on the attached plan, to London Mutual Credit Union ("LMCU") on terms set out in the accompanying closed agenda report, subject to any further negotiations considered necessary by the Head of Property.
2. That should the sale not proceed to completion, the Property be re-offered for sale on the open market on terms to be approved by the head of property for the best consideration that can reasonably be obtained.

BACKGROUND INFORMATION

3. On 23 November 2010, cabinet approved the next phase of the Modernisation programme including the rationalisation of further council-occupied office space. This provided for the disposal of the Property once surplus to operational needs. Following reorganisation of office space the Property is now available for disposal.
4. The Property is a two storey office close to central Peckham, built in the 1980s with its own car park to the rear. The Property has development potential but constricted by residential property close to the boundaries on both sides. The Property is held in the Commercial Property Holding Account.

5. LMCU (formerly Southwark Credit Union) approached the council recently with a requirement for office space. LMCU provides financial services including banking and short-term loans to residents of Southwark including many who might otherwise fall victim to excessive interest rates and other unscrupulous practices.
6. LMCU officers inspected the Property and their Board approved the acquisition subject to further negotiations which have now taken place. The acquisition of the Property will enable LMCU to expand its services to people throughout Southwark and further afield, with improved access for many current and potential clients in the immediate area.
7. The council commissioned a valuation of the Property to establish the Market Value. The terms provisionally agreed with LMCU are set out in a closed agenda report for reasons of commercial confidentiality.
8. The head of property recommends that the council proceeds with this sale as it meets all the relevant financial criteria and will result in an early capital receipt. It is also an opportunity to help LMCU, a not-for-profit organisation, continue to provide valuable services to the community.
9. It is intended to complete the sale of the Property as soon as possible and certainly within the current financial year. If the sale does not proceed for whatever reason, this report also seeks authority for the Property to be marketed and sold for the best consideration that can reasonably be obtained.
10. Vehicle access to the rear car park is via Wivenhoe Close, a Housing estate road. It will be necessary to grant a right of access in order to allow the Credit Union and their clients to use the car park which will be of particular importance to clients with disabilities. Appropriate arrangements will be made to reflect existing use of the roadway.

KEY ISSUES FOR CONSIDERATION

Policy implications

11. The disposal of the Property is in line with the strategy of modernising council working practices by reducing the number of satellite offices across the borough. Bringing together staff and rationalising offices has delivered a culture change in the quality and consistency of customer service. Disposal of surplus offices enables savings in property repairs and maintenance as well as occupation and facilities management costs at decommissioned sites.
12. The proposal will help to meet the council's commitment to carbon reduction through replacement of outdated energy-hungry accommodation with modern office space.

Community impact statement

13. The community impact of proposals to rationalise administrative offices has been addressed in the report to cabinet on 23 November 2010 which dealt with the principle of disposal.

14. Improved access to financial services at a reasonable cost will have a positive impact on the area and the community and will enhance the quality of those services available to residents.

Resource implications

15. This proposal will generate a capital receipt in the financial year 2011/12.
16. LMCU will also contribute towards the council’s administrative costs.
17. The disposal of the Property will release revenue currently put towards its maintenance and security.

Consultation

18. Consultation has taken place as part of earlier authorities including the cabinet report of 23 November 2010. Should there be any change of use or development requiring planning consent, consultation necessary for those processes will take place.

SUPPLEMENTARY ADVICE FROM OTHER OFFICERS

Strategic Director of Communities, Law & Governance

19. The legal concurrent of the Strategic Director for Communities, Law and Governance is set out in the closed agenda report.

Finance Director

20. Contained in the closed report.

BACKGROUND DOCUMENTS

Background Papers	Held At	Contact
Cabinet report, 23 November 2010	Southwark Property, Regeneration and Neighbourhoods, 160 Tooley Street SE1 2TZ	Christopher Rhodes Principal Surveyor 020 7525 5480

APPENDICES

No.	Title
Appendix 1	Plan

AUDIT TRAIL

Cabinet Member	Councillor Richard Livingstone, Finance, Resources and Community Safety	
Lead Officer	Eleanor Kelly, Deputy Chief Executive	
Report Author	Christopher Rhodes, Principal Surveyor	
Version	Final	
Dated	9 September 2011	
Key Decision?	Yes	
CONSULTATION WITH OTHER OFFICERS / DIRECTORATES / CABINET MEMBER		
Officer Title	Comments Sought	Comments included
Strategic Director of Communities, Law & Governance	Yes	Yes
Finance Director	Yes	Yes
Cabinet Member	Yes	Yes
Date final report sent to Constitutional Team	9 September 2011	