

<b>Item No.</b> 16.	<b>Classification</b> Open	<b>Date:</b> 13 December 2011	<b>Meeting Name:</b> Cabinet
<b>Report title:</b>		Disposal of the Rotherhithe Library, Albion Street, London SE16 7HY	
<b>Ward or groups affected:</b>		Rotherhithe	
<b>Cabinet Member:</b>		Councillor Richard Livingstone, Finance, Resources and Community Safety	

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

Last month saw the opening of the new Canada Water library, which is already massively popular and a great asset to the community of Rotherhithe. When the decision was taken to build this library in 2007 it was agreed to dispose of the Rotherhithe Library and Civic Centre in Albion Street to offset some of the cost of that project.

This report recommends the approval of the disposal of that site to Canada Quays Limited. Their bid was not only the highest value compliant bid but also came from a company that has a good working relationship with the local community. Canada Quays Limited propose to redevelop the site to create new homes together with commercial and community uses on the ground floor – this ground floor usage is likely to have the additional benefit of increasing footfall on Albion Street and could therefore help reinvigorate trade in a street whose decline has been a matter of considerable local concern.

**RECOMMENDATIONS**

That Cabinet agrees:

1. To the disposal of the Rotherhithe Library and Civic Centre ('The Property'), shown edged in bold at Appendix 1, to Canada Quays Limited on the principal terms set out in the report on the closed agenda for this meeting.
2. To authorise the head of property to agree any variations to those terms that may be necessary to achieve the disposal of the Property and in the event of further negotiations and securing full planning consent by the selected bidder.
3. That in the event the sale to Canada Quays Limited does not proceed to completion, the head of property is authorised to agree terms for a sale to any one of the recommended under bidders, provided that these terms conform to the council's legal obligation to achieve the best consideration reasonably obtainable.

**BACKGROUND INFORMATION**

4. At its meeting on 20 March 2007 the then executive approved the building of a new library in Canada Water to replace the existing Rotherhithe Library at Albion Street. As part of the report the following recommendation was agreed:

“That the executive agree in principle the closure and disposal of the existing Rotherhithe Library site for redevelopment to assist with the revenue and capital funding of the new facility and that they note that a further detailed disposal report will be brought back to the executive at a future date.”

5. The Property is a substantial two storey brick building on ground and upper floors with basement car parking and storage.
6. The director of environment and housing declared the Property surplus to requirements on 12 April 2011 and it was vacated on 14 November 2011. Since this date, to protect the security of the Property, it has been occupied by guardians. The Property is considered to be vulnerable to squatting so that it is in the council's best interest to complete a sale as soon as possible.
7. As part of the sale process the head of property arranged for the Property to be valued and the receipt is included as part of this year's capital programme.
8. For planning purposes the existing use of the Property is D1 non residential institutional. This use class includes such activities as a place of worship, crèche, school or youth club so that the use of the Property for any of these purposes would not require planning consent for a change of use.
9. The Property was marketed on behalf of the council by DTZ. In line with normal council practice interested parties were asked to confirm:
  - The price offered.
  - A financial reference that they have access to the funds to complete the purchase.
  - Details of the proposed use for the Property.
  - Evidence of the bidder's track record in line with their proposal.
10. As part of the process bidders were also asked to confirm the treatment of overage:
  - Disposal overage – to manage the risk from someone making a speculative or opportunistic bid prospective purchasers were asked to confirm they would share any uplift in value if during the next ten years the Property was sold on.
  - Change of use overage – again to discourage speculative or opportunistic bids, prospective purchasers were asked to confirm they would share any uplift in value should the Property achieve planning consent for a use other than that detailed in their offer.
  - Sales, commercial and planning overage – for bids to redevelop the Property for residential or commercial uses the bidder was asked for their proposal to share additional value if their development should outperform certain key value indicators.
11. By the closing date nine submissions were received and are summarised in the report on the closed agenda for this meeting.

## **KEY ISSUES FOR CONSIDERATION**

12. In accordance with the principles and policy of good asset management laid down by government, together with local authority regulations, councils are required to dispose of surplus property assets subject to best consideration requirements. The head of property confirms that the sale of the Property will equate to the best consideration that can reasonably be obtained.
13. The report on the closed agenda for this meeting includes the details of the various offers and the recommendation on which to accept. A number of these bids were either below the head of property's valuation or did not include all of the required information which means they were non-compliant. In either case the offers could not be accepted.

### **Resource implications**

14. There are no direct staffing implications arising from the proposed disposal strategy. Officer time to effect the recommendations will be contained within existing budgeted resources.

### **Financial implications**

15. The proposal should generate a substantial capital receipt to contribute towards the council's capital programme.
16. The council's legal and surveying costs up to a maximum sum as referred to in the closed report will be met by the purchaser.

### **Legal Implications**

17. When disposing of assets the council is under a duty not to sell for less than the best consideration that can reasonably be obtained. In this case the highest compliant offer received was from Canada Quays Limited.
18. That being the case, the offer from Canada Quays Limited represents the best price reasonably obtainable so that the council's legal and fiduciary duties are satisfied.

### **Policy implications**

19. As is well known, Southwark along with much of the rest of the country suffers from an undersupply of both affordable and private housing. The council has numerous policies that support the building of new homes and a residential scheme here would help address a proven need and deliver a council priority.
20. The council has a target of 24,450 new homes being built within the borough from 2011-2016. Albion Street is in the core area of the Canada Water AAP which has a target to supply at least 2,500 new homes over the life of the plan. Redeveloping the Property for housing would be consistent with the residential character of the area and would contribute towards both of these targets.
21. Although not a policy document the council recently published a, "Guide for faith group premises in Southwark". This was done in recognition of the large number of faith groups and churches looking to locate in the borough. The purpose of

the guide is to promote better knowledge of the various legal requirements associated with faith groups, to increase compliance and assist faith groups in meeting their legal requirements.

22. Among other things the guide encourages faith groups to consider planning requirements and to look for buildings with a D1 planning use. The Property has a D1 use and in theory could assist in meeting the demand from faith groups.

### **Community impact statement**

23. The Property is located on Albion Street, once a thriving retail street at the heart of the Rotherhithe docklands community. Over several decades the area has experienced considerable change including: the closure of the docks; dislocation caused by the building of the Rotherhithe Tunnel; changing shopping patterns and increased competition from the Surrey Quays Shopping Centre. The cumulative effect of all of these factors is that Albion Street has declined as a commercial centre and the street is now predominately residential in character.
24. Concern at the decline of Albion Street is a theme regularly raised by local people. That was the case during the preparation of the Canada Water Area Action Plan that came to the conclusion that the regeneration of Albion Street should be promoted. The measures proposed to achieve this include improving permeability through the area, diversifying the retail offer and improving the public realm. The Property was specifically identified as an opportunity to improve the street.
25. By selling the Property for redevelopment for a residential scheme with commercial and community uses on the ground floor the council will be supporting the objective of regenerating the street, which is a priority for local people.
26. Building new homes will also help address a proven need and deliver a council priority. Bringing additional spending power to the area will also help support local shops.

### **SUPPLEMENTARY ADVICE FROM OTHER OFFICERS**

#### **Strategic Director of Communities, Law & Governance**

27. Cabinet is advised that Section 123 of the Local Government Act 1972 provides that except with the consent of the Secretary of State, a council shall not dispose of non housing land, otherwise than by way of a short tenancy, for a consideration less than the best that can reasonably be obtained. It is noted at paragraph 12 of this report that the head of property considers that the proposed sale to Canada Quays Limited represents the best consideration that can reasonably be obtained.

#### **Finance Director**

28. This report recommends that the cabinet agrees to the disposal of the Rotherhithe Library and Civic Centre to Canada Quays Limited on the principal terms set out in the report on the closed agenda for this meeting plus various authorities being granted to the head of property.
29. Paragraph 18 confirms that the offer recommended for agreement represents best consideration.

30. Paragraph 16 confirms that the council's reasonable legal and surveying costs up to a maximum sum will be met by the purchasers. Officer time to effect the recommendations will be contained within existing budgeted resources, as detailed within paragraph 14.

## BACKGROUND DOCUMENTS

Background Papers	Held At	Contact
Correspondence file	Property Services 160 Tooley Street, London SE1 2QH	Fahad Nakendo 020 7525 5359

## APPENDICES

No.	Title
Appendix 1	Site Plan of Property

## AUDIT TRAIL

<b>Cabinet Member</b>	Councillor Richard Livingstone Cabinet Member Finance, Resources and Community Safety		
<b>Lead Officer</b>	Eleanor Kelly, Deputy Chief Executive		
<b>Report Author</b>	Fahad Nakendo, Surveyor		
<b>Version</b>	Final		
<b>Dated</b>	2 December 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 Team</b>			2 December 2011