

Item No. 19.	Classification: Open	Date: 29 January 2013	Meeting Name: Cabinet
Report title:		Disposal of Car Pound at Mandela Way, London SE1	
Ward(s) or groups affected:		Grange	
Cabinet Member:		Councillor Richard Livingstone, Finance, Resources and Community Safety	

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

The council's new parking contract means that there is no longer a need to retain a car pound for Southwark. As a consequence, the strategic director of environment and leisure has previously declared the site on Mandela Way as surplus to requirements.

This report proposes the sale of a 250 year lease of this property, having agreed a price that represents good value for money for the council. We understand that the purchasers want to use this property as a depot that will not see new building development on the site. However, the retention of the freehold by the council would mean that if a proposal ever did come forward to develop the site for a more intensive use at some point in the future the council would benefit financially.

The change of use from a car pound to a depot should not increase volumes of traffic, and the decision not to pursue earlier proposals to turn the site into a sizable power station will come as a relief to many residents who live nearby.

RECOMMENDATIONS

That the cabinet approves

1. The disposal of the 250 year leasehold interest in the car pound at Mandela Way, London SE1("the Property"), as shown edged with the bold line on the attached plan, to the purchaser identified and 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 within a reasonable time as determined by the head of property, the Property be offered for sale on the open market and then sold on terms to be approved by the head of property for a consideration that represents best consideration.

BACKGROUND INFORMATION

3. The Property is located on Mandela Way just off the Old Kent Road in Bermondsey. It is situated to the south of Mandela Way at its junction with Dunton Road, which is a one way road leading off Old Kent Road.

4. The Property is a site, broadly rectangular in shape and extends to an area of approximately 0.79 hectares (1.95 acres). The net area of the car pound and associated buildings is approximately 0.65 hectares (1.61 acres).
5. The Property is currently used as a car compound operated by the council's Environment and Leisure Department. There are approximately 230 car parking spaces as well as a small area for bicycles and motorcycles. The car park is largely surfaced in tarmac with some concrete hard standing areas. Environment and Leisure have confirmed that the Property will cease to be used as a car pound and that it will be vacated by spring 2013. As such it will no longer be required for operational requirements.
6. With vacant possession forthcoming, the council has received an off market offer for the site, which has been independently valued to comply with Section 123 of the Local Government Act in respect to obtaining best consideration.
7. Once sold, the purchaser will enable the council to continue using the Property for the purposes of the car pound by way of a short term license until such time that the Property has been vacated by Environment and Leisure.
8. The property was formally declared surplus to operational requirements by the director of environment on 11 January 2013.
9. The closed agenda report carries details of the offer received and for reasons of commercial confidentiality it is not possible to report these on the open agenda. The transaction being recommended will result in continued commercial use on the site. It is confirmed that the offer being recommended represents best consideration as confirmed by an external valuation prepared by one of the council's framework property consultants.
10. The head of property recommends that the sale proceeds as it meets all the relevant financial criteria and will result in a capital receipt for council's general fund. The buyer's proposals might be subject to planning consent in the usual way, but the sale of the Property is not conditional on planning.
11. It is intended to complete the sale of the Property as soon as possible. If the sale does not proceed for whatever reason, this report also seeks authority for the Property to be offered on the market, and sold for a consideration that represents at the relevant time, the best consideration reasonably obtainable for the Property.

KEY ISSUES FOR CONSIDERATION

Policy implications

12. The Property has been in commercial use and if sold will continue to do so, as permissible under the terms of the lease. Under the Core Strategy – Strategic Policy 1A, the Property is within one of the council's Core Strategy Preferred Industrial Locations as providing places for small businesses and industry. Similarly, Strategic Policy 10 – Jobs and Businesses, seeks to protect industrial and warehousing floor space, enabling growth in new sectors such as green manufacturing and technology in local preferred industrial locations.

Community impact statement

13. With the Property being restricted to commercial and industrial use, it could result in more jobs for local people and assist in enhancing the local economy.

Resource implications

14. This proposal will generate a capital receipt which is hoped to be in the financial year 2012/13.
15. The buyers will also contribute towards the council's administrative costs.
16. The disposal of the Property will release revenue currently put towards its maintenance and security.

SUPPLEMENTARY ADVICE FROM OTHER OFFICERS

Director of Legal Services

17. The council cannot generally dispose of land for less than the best consideration reasonably obtainable in accordance with the provision contained in section 123, Local Government Act 1972.
18. In this case, the council has received specialist advice from a qualified valuer to the effect that best consideration is being received and it therefore is able to proceed with the disposal.

Strategic Director of Finance and Corporate Services (FC13/003)

19. The strategic director of finance and corporate services notes that this report recommends the disposal of the 250 year leasehold interest in the Property, generating a capital receipt representing the market value of the property.
20. The sale is not subject to planning approval being awarded and will result in a capital receipt for the council's general fund.
21. The strategic director notes that the buyer will contribute 0.5% of receipt value to cover the council's administration costs. In addition there will be some further revenue savings from the release of resources which are currently being expended on maintenance and security of this property.

BACKGROUND DOCUMENTS

Background Papers	Held At	Contact
None		

APPENDICES

No.	Title
Appendix 1	Plan

AUDIT TRAIL

Cabinet Member	Councillor Richard Livingstone, Finance, Resources and Community Safety	
Lead Officer	Eleanor Kelly, Chief Executive	
Report Author	Tom Hanman, Graduate Surveyor	
Version	Final	
Dated	17 January 2013	
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	17 January 2013	