

Item No. 20.	Classification: Open	Date: 29 January 2013	Meeting Name: Cabinet
Report title:		Disposal of 161 Denmark Hill, London SE5 8EF	
Ward(s) or groups affected:		South Camberwell	
Cabinet Member:		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 old Denmark Hill housing office, which is now surplus to requirements. The site has been marketed and the proposed sale is to the highest bidder for the site. The purchaser will also contribute towards the maintenance of the access road it shares with the neighbouring Denmark Hill Estate.

Consideration have been given as to whether this is a potential site for building new council homes. However, this work has concluded that the site is not suitable for such a development, given its size. It is also possible that a request may be made to include the property in the council's list of Assets of Community Value, although I have been advised that it is unlikely to meet the test for inclusion.

As the building is on housing land, the capital receipt will contribute towards the cost of making every council home Warm, Dry and Safe.

RECOMMENDATIONS

That the cabinet approves:

1. The disposal of the council's freehold interest in 161 Denmark Hill, London SE5 8EF ("the Property"), as shown edged with the bold line on the attached plan, to the bidder 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 to the underbidder or re-offered for sale on the open market and then sold on terms to be approved by the head of property for a consideration not less than market value.

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, built in the 1980s and used as a neighbourhood housing office since that time. The Property has potential for residential redevelopment. As a former Housing Office, the Property is held in the Housing Revenue Account. It has been declared surplus to requirements.
5. The proposed boundary includes 7 car parking spaces and one footpath. Both have been declared surplus to requirements and made available for inclusion within the disposal by the South Area Housing management team as suitable alternative arrangements can be made.
6. A marketing campaign has been carried out using prominent South East London commercial property agents. The Property was marketed for a period of three months and a closing date of 12 October 2012 was set for offers.
7. The closed agenda report carried details of the offers 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 redevelopment of the Property for residential use in due course and subject to planning consent. It is confirmed that the offer being recommended represents market value, based on the council's property department's own internal valuation of the Property.
8. 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 the Housing Revenue Account. The buyer's proposals will be subject to planning consent in the usual way, but the sale of the Property is not conditional on planning.
9. 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 to the next best deliverable offer from the marketing process, or failing that for the property to be re-offered on the market, and then sold for the a consideration that represents the market value of the Property.

KEY ISSUES FOR CONSIDERATION

Policy implications

10. 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.
11. The proposal will help to meet the council's commitment to carbon reduction through replacement of outdated energy-hungry accommodation with modern office space.
12. The Property has been considered as a possible site on which the council could build new homes but it is felt that other sites are preferable. The receipt from the sale of the Property may be used to support homebuilding or other capital initiatives.

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. Following the reorganisation of Housing Management, housing office staff previously located at the Property were accommodated in the interim headquarters for the south area at Cator Street and later relocated to the new shared office facility at Queens Road. Front counter housing services have not been provided at the Property for some years. Tenants in the south of the borough may access services from Harris Street, Bournemouth Road and the Peckham One Stop shop.
15. The council has received some correspondence relating to the Property indicating that it could expect to receive a formal nomination asking the council to include the Property in the list of Assets of Community Value which it holds pursuant to Part 5 Chapter 3 of the Localism Act. The council would, if it receives a formal nomination, need to apply the tests set out in the Act as to whether the nomination came from a body qualified to make such a nomination and whether the Property qualified for inclusion in the list. The implications of inclusion in the list, should this occur, are set out in the concurrent report of the director of Legal Services later in this report.

Resource implications

16. This proposal will generate a capital receipt which is expected in the financial year 2012/13.
17. The buyers will also contribute towards the council's administrative costs.
18. The buyer will contribute towards the ongoing maintenance of the estate road.
19. The disposal of the Property will release revenue currently put towards its maintenance and security.

Consultation

20. 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

Director of Legal Services

21. Section 1 of the Localism Act 2011 grants councils a general power of competence whereby a local authority has power to do anything that individuals generally may do. However, that power does not enable a local authority to do anything which it is unable to do by virtue of a pre-commencement limitation. Section 32 of the Housing Act 1985 is a pre-commencement statute that limits the council's power to dispose of property.
22. As the Property falls within the council's housing portfolio, the disposal can only

proceed in accordance with section 32 of the Housing Act 1932, for which purposes the consent of the Secretary of State for the Department of Communities and Local Government is required.

23. A number of general consents have been issued in the General Housing Consents 2012.
24. General consent A3.1.1 provides that “a local authority may, subject to paragraph 3.1.2, dispose of land [which includes buildings] for a consideration equal to its market value.” Paragraph 3.1.2 sets out two exceptions to this general consent, neither of which apply in this situation.
25. The report confirms in paragraph 6 that the consideration being received for the Property represents its market value. The report also confirms that the Property has been declared surplus to requirements
26. The report indicates at paragraph 15 that the council could receive a nomination to include the Property in the list of Assets of Community Value which it holds pursuant to Part 5 Chapter 3 of the Localism Act 2011 ("the 2011 Act"). If such a nomination is received it will be considered in accordance with the principles set out in section 90 of the 2011 Act, namely whether the land nominated is in the authority's area and is of community value.
27. If the asset should be listed, and the council proceeds with the sale, the council will have to comply with the requirements imposed on sellers of listed assets contained in the 2011 Act, which are to publicise the intended sale, and notify the body that successfully nominated the Property for listing. In the event that the council received a notice from a qualifying community group within six weeks of such notification that the group was interested in making a bid for the Property, the council would not be permitted to sell the Property for a period of six months from the date of notification of sale, unless to a qualifying community group. At the end of the period of six months the council could sell the Property on the terms of this report, and would not necessarily have to sell to a community group even if a suitable bid had been received. If no expression of interest was received during the initial six week period, the council would be able to sell the Property at the end of the six week period on the terms of this report.
28. If the cabinet is satisfied that the requirements of the general consent have been met and that the consideration for the Property represents its market value they may approve the recommendation.

Strategic Director of Finance and Corporate Services (CR/F&CS/02/11/12)

29. The strategic director of finance & corporate services notes that this report recommends the disposal of the council's freehold interest in 161 Denmark Hill, generating a capital receipt representing the market value of the property.
30. The sale is not subject to planning approval being awarded and will result in a capital receipt for the Housing Revenue Account.
31. The strategic director of finance and corporate services notes that the buyer will contribute towards the council's administration costs and will also contribute towards the ongoing maintenance of the estate road. 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
Cabinet Report 23 November 2010 – Item no. 10 – Revised Accommodation Strategy	http://modern.gov.southwark.gov.uk/ieListDocuments.aspx?CId=302&MId=3334&Ver=4	See report

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 2012	
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	