

Item No. 20.	Classification: Open	Date: 16 July 2013	Meeting Name: Cabinet
Report title:		Disposal of former 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

This report recommends the disposal of the council's 250 year leasehold interest in its former car pound on Mandela Way. 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 this site as surplus to requirements. This land is reserved for industrial use under the Southwark Plan agreed in 2007.

A previous report on this sale was withdrawn from the January 2013 cabinet meeting as a result of that previous potential purchaser being unable to proceed with their offer at that time.

This proposal will develop the site for commercial use, providing in excess of 100 employment opportunities on site which are likely to be predominantly filled by people living locally. This use will also generate business rates that will help the council mitigate the loss of government funding. The capital receipt for this land will contribute to the council's £383.8m capital programme.

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 to an alternative bidder or subsequent to that be offered for sale on the open market and sold on terms to be approved by the head of property for a sum 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 was previously 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 confirmed that the Property ceased to be used as a car pound and was vacated in spring 2013. As such it is no longer required for operational requirements.
6. With vacant possession forthcoming, the council has received offers 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. The property was formally declared surplus to operational requirements by the director of environment on 11 January 2013.
8. The closed agenda report carries 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 contribute to the promotion or improvement of the economic, social or environmental well-being of the area as a result of the construction of new industrial and commercial buildings, more efficient use of the land as well as providing new employment opportunities for a significant number of local people which is expected to exceed 100 jobs. The alternative offer, whilst higher does not provide for new facilities and would be used as yard for storage. Consequently, the head of property confirms that the recommended offer represents best consideration.
9. The recommended offer represents open market value as verified by independent valuation.
10. The head of property recommends that the sale proceeds as it meets the relevant financial criteria for best consideration and will result in a capital receipt for council's general fund. The buyer's proposals are subject to planning consent in the usual way, and the sale of the Property is conditional on planning consent being granted.
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 to the alternative bidder, failing which to be placed upon 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 if sold will be used for commercial and industrial purposes, as permissible under the terms of the proposed 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 will provide opportunity for 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 2013/14.
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.
17. The proposal will generate additional business rates to the Borough

SUPPLEMENTARY ADVICE FROM OTHER OFFICERS

Director of Legal Services

18. 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.
19. The Local Government Act 1972, General Disposal Consent (England) 2003 introduced certain circumstances where a local authority may dispose of land even though the consideration received may be less than the best consideration reasonably obtainable.
20. The 2003 Consent requires that the difference between the unrestricted value of the land to be disposed of and the consideration of the disposal does not exceed £2,000,000 (two million pounds). In addition, one of a number of specified circumstances must apply. These circumstances are that the local authority considers that the purpose for which the land is to be disposed of is likely to contribute to the promotion or improvement of the economic, social or environmental well being in respect of the relevant area.
21. In this instance, the report outlines that in excess of 100 jobs will be created by this scheme and that new industrial and commercial units will be constructed. Furthermore, the proposal will generate additional Business Rates. Accordingly, this disposal falls within the well being provisions of the 2003 General Disposal Consent (England)

Strategic Director of Finance & Corporate Services (FC13/043)

22. The strategic director of finance & 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.

23. The sale is subject to planning approval being awarded and will result in a capital receipt for the council's general fund.
24. The strategic director of finance and corporate services 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	4 July 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 & Corporate Services	Yes	Yes
Cabinet Member	Yes	Yes
Date final report sent to Constitutional Team	4 July 2013	