

Item No. 21.	Classification: Open	Date: 18 March 2014	Meeting Name: Cabinet
Report title:		Disposal of 23 Harper Road, London SE1	
Wards affected:		Chaucer	
From:		Councillor Richard Livingstone, Finance, Resources and Community Safety	

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

Southwark Council is committed to ensuring that we are securing maximum value for money for the residents of the borough. Part of this work has included the accommodation review that we agreed in November 2010 that has resulted in reducing the number of buildings that the council operates from. One of the buildings identified for sale as part of that process was the former children's social services offices at Harper Road.

This report deals with the sale of that building. The proceeds from this sale will contribute towards the costs of the council's capital programme, as set out elsewhere on this meeting's agenda.

RECOMMENDATIONS

That the Cabinet authorises

1. The disposal of the council's freehold interest in 23 Harper Road, London SE1 ("the Property"), as shown edged black on the attached report, to the party and on the terms outlined in the closed version of this report subject to any further negotiations considered necessary by the Head of Property;
2. The disposal of the Property to an alternative bidder should the recommended purchaser not enter into contracts within a reasonable period as long as the transaction continues to represent the best consideration reasonably obtainable.

BACKGROUND INFORMATION

3. On 23 November 2010, cabinet approved the second phase of the office modernisation programme. 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 council are the freeholders of the Property edged in black on the attached plan at appendix 1. The Property was formerly in operational use by Children's Services. Following the reorganisation of office space the Property is no longer required and is surplus to the council's requirements.
5. The Property comprises a two storey 1950s-built office to the front of the site and a later single storey office building to the rear with an open area used for car parking. Both buildings are in poor condition and are reaching the end of their

economic lives.

6. The Property is designated in the Southwark Core Strategy as part of Proposals Site 10P; a predominantly residential development site, with the possibility of other appropriate uses. The part of this Proposals Site owned by Southwark Council and referred to here covers around 1600 square metres/0.4 acres approximately. Officers investigated whether a joint arrangement could be made with the owners of the adjoining site which makes up the remainder of Proposals Site 10P but due to their specific requirements this was not possible.
7. Following a tender process in October 2013 the council appointed BNP Paribas Real Estate (BNPPRE) to market for sale the Property by informal tender. In conjunction with the council's property team the appointed agents prepared a comprehensive pack of background information and specialist reports related to the Property to help inform potential bidders. Also included was a planning brief prepared by BNPPRE and agreed with the council's Planning Policy Team.
8. The property was marketed from November 2013. Around 150 enquiries were received by the council's agents during the marketing period.
9. The property is held in the council's general fund.
10. 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 allow the redevelopment of the Property for residential use in due course. It is confirmed that the offer being recommended is the best consideration reasonably obtainable and meets the council's statutory duties under the Local Government Act 1972 section 123.
11. The head of property recommends that the council proceed with this sale as it meets all the relevant financial criteria and will result in a significant capital receipt. It will permit the regeneration of the site and the provision of extra housing. Proposals will be subject to planning consent in the usual way and to affordable housing requirements.
12. 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 best consideration that can reasonably be obtained.

KEY ISSUES FOR CONSIDERATION

13. Councils are required to dispose of surplus property assets subject to best consideration requirements. Specifically, the council has a duty under Section 123 of the Local Government Act 1972 to obtain the best consideration reasonably obtainable for the Property. The head of property confirms that the sale of the Property as recommended will comply with these requirements and the price achieved is the best reasonably obtainable at this time.
14. The preferred bidder proposes a residential development.
15. When it is delivered, the redevelopment of the Property should have benefits for the local community including the provision of new housing across a range of tenures. The sale of the Property should ensure that it is brought back into

beneficial use.

16. The Property will be offered with full vacant possession prior to completion of the sale. The council does not own any interest in any of the companies bidding.
17. The substantial capital receipt that will be generated as a result of the sale of the Property is needed as a contribution to the council's Capital Programme.
18. As the Property is held in the council's general fund it is considered less suitable for the council's scheme of Direct Housing Delivery Programme than sites already held in the Housing Revenue Account.

Policy implications

19. The disposal of the property will generate a substantial capital receipt which will be used to provide capital funding in support of the council's key priorities.
20. The environmental improvements arising from the redevelopment or refurbishment of the buildings on this site will assist the council in meeting its cleaner, greener and safer agenda. All new dwellings arising from the redevelopment will have to meet a minimum level 4 of the code for sustainable homes.

Community impact statement

21. The decision is believed to have minimal impact on local people and communities. However, the capital receipt to be realised as a result of the transaction will assist with delivery of the council's corporate objectives, achieving its stated budget principles and working together with communities towards a 'fairer future for all'.
22. Any planning application seeking to redevelop or change the use of any part of the Property will have to conform to the requirements of the local development framework and will be subject to the statutory consultation process.
23. Redevelopment of this site will be likely to have a positive effect on the local environment and streetscape.

Resource implications

24. This proposal will generate a capital receipt, expected in the financial year 2014/15.
25. The buyers will also make a contribution towards the council's administration costs.
26. There will be no loss of income from the site arising from the disposal. Disposal will remove the need for expenditure on void management and running costs.

SUPPLEMENTARY ADVICE FROM OTHER OFFICERS

Director of Legal Services

27. 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 123 of the Local Government Act 1972 is a pre-commencement statute which imposes limitations on the Council's power of disposal.

- 28. Section 123 of the Local Government Act 1972 states that except with the consent of the Secretary of State, a council shall not dispose of land under that section, otherwise than by way of a short tenancy, for a consideration less than the best that can reasonably be obtained.
- 29. The report indicates in paragraph 10 that the consideration is the best that can reasonably be obtained.
- 30. Cabinet may proceed with the approval of the recommendation.

Strategic Director of Finance and Corporate Services (FC13/095)

- 31. This report seeks cabinet approval to for the disposal of the freehold interest n 23 Harper Road, London SE1, with the capital receipt supporting the council's capital programme. The financial implications are detailed in the closed version of this report.
- 32. The strategic director for finance and corporate services understands that the council endeavours to obtain best market value, considering factors such as conditionality of the offer. The report confirms that the offer being recommended is the best consideration reasonably obtainable.
- 33. Reasonable costs associated with the disposal will be met from receipts and officer time to implement this decision will be contained within current resources.

BACKGROUND DOCUMENTS

Background Papers	Held At	Contact
None		

APPENDICES

No.	Title
Appendix 1	OS plans, indicating the property – edged black

AUDIT TRAIL

Cabinet Member	Councillor Richard Livingstone, Finance, Resources and Community Safety	
Lead Officer	Eleanor Kelly, Chief Executive	
Report Author	Christopher Rhodes, Principal Surveyor	
Version	Final	
Dated	6 March 2014	
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		6 March 2014