

Item No.	Classification: Open	Date: September 29 2009	Meeting Name: Executive
Report title:		Disposal of John Smith House Walworth Road London SE17	
Ward(s) or groups affected:		Newington	
From:		Strategic Director of Regeneration and Neighbourhoods	

RECOMMENDATION(S)

That the Executive agrees:

1. That John Smith House, Walworth Road London SE17, as shown edged red on the attached plan ("the Property"), be sold freehold to Safeland plc/Alliance and Mutual ("the Buyer") on terms and subject to provisions outlined in the private agenda report .
2. That all necessary arrangements be made to vacate and clear the Property in order to facilitate the sale at a date to be agreed by the Head of Property.
3. That arrangements for the council to take a short-term licence of the basement network room from the Buyer be put in place as appropriate upon terms to be agreed by and subject to the approval of the Head of Property.

BACKGROUND INFORMATION

4. Executive on May 2 2007 authorised the acquisition of 160 Tooley Street London SE1 as part of the Modernisation programme. This was supported by a business case envisaging the sale of surplus office premises vacated following relocation to Tooley Street.
5. The Property has just ceased office use. It provides 32,000 net square feet of office space in a Georgian Grade II listed building with frontage to Walworth Road, with a large 1970s extension to the rear.
6. Agents GVA Grimley were instructed to market the Property following a tender exercise. The Property has been advertised in the national property press and on the Internet with additional direct marketing to known potential buyers. GVA Grimley have been marketing the Property since November 2008.
7. This marketing period has generated several firm offers for the Property. These are described in detail in the closed agenda report with a recommendation to accept the best deliverable offer.
8. GVA Grimley recommend to the council that this opportunity for a sale be taken now as it is the best offer that has been received after many months of marketing. The alternative of waiting for improved conditions carries the risk that they might not materialise, meanwhile the council would be liable for running costs, security, maintenance and repairs. Letting the Property has been considered and some informal marketing on that basis carried out by GVA Grimley but this is not an area in which office space is in much demand, either for single large demises or smaller units.

9. The sale price offered by the Buyer and recommended for acceptance is analysed in the closed agenda report . The Head of Property recommends that this offer be accepted and confirms that it is the best consideration reasonably obtainable for the purposes of the Local Government Act 1972 section 123.
10. The Buyer states that they propose to use the Property as a budget hotel with a likely customer group of younger people visiting the capital. Future changes of use are possible once the Property passes out of the council's ownership and control, but these would be subject to Local Development Framework guidelines and necessary planning consents.
11. A network room occupies part of the basement level of the Property and it has not proved possible to move this facility prior to the sale. A short-term licence of the network room is proposed and the buyers have indicated that in principle they are willing to grant such a licence at nil rental with the council remaining liable for any other costs of this facility for a short period, estimated at six months, while the equipment is relocated.

KEY ISSUES FOR CONSIDERATION

Policy implications

12. The proposal supports the agreed strategy of modernising council working practices by removing staff from buildings spread across the borough into one administrative office. The proposal will thereby assist with the attainment of corporate priorities around performance management and customer focus.
13. The proposal will generate a significant capital receipt in support of the Modernisation agenda and the fit-out of 160 Tooley Street. It will also mitigate against future revenue expenditure on the Property.

Community Impact Statement

14. Relocation of council services to 160 Tooley Street will mean a more efficient, accessible and environmentally friendly working environment. The equality implications of this move have already been reported.

Resource implications

15. The proposal will generate a substantial capital receipt in support of the modernisation agenda, specifically the fit-out of 160 Tooley Street.
16. Disposal of the Property will reduce the burden on outgoings, repairs, maintenance, services etc.
17. Disposal of the Property will expedite the relocation of staff in line with the Modern Working Practices strategy and relinquish a building which, although of architectural merit and a local landmark, is not ideal for long-term office use as currently configured.

Consultation

18. No external or public consultation has been deemed necessary, as the council has widely publicised its Modernisation programme.

SUPPLEMENTARY ADVICE FROM OTHER OFFICERS

Strategic Director for Communities, Law and Governance

19. The Executive is advised that the provisions of Section 123 of the Local Government Act 1972 provide 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. The Executive will note from paragraph 9 of this report that the Head of Property confirms that the sale price set out in the accompanying private agenda report represents the best consideration that can reasonably be obtained and therefore the Executive may approve the disposal of the Property to the Buyer.
20. Recommendation 3 of this report is a matter reserved to the Head of Property under Part 3P of the council's constitution under delegated authority.

Finance Director

21. This report recommends terms for the sale of John Smith House. The report describes the processes undertaken to generate offers for the sale. The Head of Property recommends that an offer is accepted, which is subject only to contract and not to any subsequent planning permission.
22. The capital receipt from the sale of the property will form part of the council's resources to fund its extensive capital programme. The Finance Director notes that there will be a short term licence of the basement network room. The costs of this licence must be met from existing budgets.

BACKGROUND DOCUMENTS

Background Papers	Held At	Contact
Executive report, May 2 2007	Southwark Property, Regeneration and Neighbourhoods, 160 Tooley Street SE1 2TZ	Christopher Rhodes Principal Surveyor 020 7525 5480

APPENDICES

No.	Title
Appendix 1	Plan

AUDIT TRAIL

Lead Officer	Richard Rawes, Strategic Director of Regeneration and Neighbourhoods	
Report Author	Christopher Rhodes, Principal Surveyor	
Version	Final	
Dated	September 18 2009	
Key Decision?	Yes	
CONSULTATION WITH OTHER OFFICERS / DIRECTORATES / EXECUTIVE MEMBER		
Officer Title	Comments Sought	Comments included
Strategic Director for Communities, Law and Governance	Yes	Yes
Finance Director	Yes	Yes
Executive Member	Yes	Yes
Date final report sent to Constitutional/Community Council/Scrutiny Team	18.9.2009	