

<b>Item No.</b>	<b>Classification:</b> Open	<b>Date:</b> October 20 2009	<b>Meeting Name:</b> Executive
<b>Report title:</b>		Disposal of surplus offices at Peckham Road London SE5	
<b>Ward(s) or groups affected:</b>		Brunswick Park	
<b>From:</b>		Strategic Director of Regeneration and Neighbourhoods	

## RECOMMENDATION(S)

That the Executive:

1. Agrees, that West House, Central House, East House and South House, Peckham Road, London SE5, as shown edged red on the attached plan at Appendix 1, be sold to the party identified and on terms set out on the closed agenda.
2. Agrees that 29 Peckham Road, London SE5, as shown edged red on the attached plan at Appendix 2, be sold to the party identified and on terms set out on the closed agenda.
3. Notes that the proposed buyers will **not** require any additional land currently forming part of Lucas Gardens as a condition of purchase.
4. Agrees to all necessary arrangements being made to vacate and clear the properties in order to facilitate the sale at a date to be agreed by the Head of Property.
5. Agrees that arrangements to lease or licence parts of the properties back to the council be put in place if needed subject to the approval of the Head of Property.

## BACKGROUND INFORMATION

6. Executive on May 2 2007 authorised the acquisition of 160 Tooley Street London SE1 as a new administrative office as part of the Modernisation programme and in order to help meet cost saving initiatives and the commitment for carbon reduction. This acquisition was supported by a business case envisaging the sale of surplus office premises to be vacated following relocation to Tooley Street.
7. The properties affected by this report comprise the major part of the Peckham Town Hall complex. Most staff from these buildings are relocating to Tooley Street. There are other occupations of small areas which are described later in this report. The Town Hall itself (31 Peckham Road) is to be retained for civic uses, as a base for the main political groups and for officers working remotely.
8. The Register Office, South House, East House, Central House and West House were all built around 1800 and have a varied history as dwelling houses, a school and a hospital before becoming municipal offices by the 1950s. 29 Peckham Road was purpose-built in 1904 for civic use and has been owned and occupied continuously by the council and its predecessors. The properties are all listed Grade II for their architectural significance, with the exception of West House.

9. Having started as large houses in the Georgian era, most of the properties originally had substantial grounds which have since become parkland and shared amenity space respectively. Proposals for sale and change of use of the properties will have some effect on those external spaces. Effects will obviously be kept to a minimum and consultation will take place as appropriate in respect of any such changes.
10. Conservation specialists Richard Griffiths Architects were appointed to report on the likely future uses and treatment of the buildings. They produced a detailed study on the interiors and exteriors of the properties. This study will be used to guide the consideration of any planning decisions on the properties and has been made available to interested purchasers.
11. The Richard Griffiths report has advised that a return to some form of residential use would be an acceptable means of promoting the conservation of these historic buildings. Their layout does not easily facilitate the open-plan space requirements of modern commercial users, even if enough demand for such uses in this location existed. Institutional or educational uses were also identified as having potential, subject to the same constraints which include the retention of many original internal features and room layouts. The Head of Planning and Transport has advised that Southwark Plan policy would normally require that there should be no loss of employment generating floorspace in such a location. However, the promotion of conservation objectives would be among the material considerations to be considered and could justify a recommendation for such a change of use, subject to the usual processes and considerations attaching to a planning application.
12. Richard Griffiths also advised that in the event of the properties returning to some form of residential use, small areas of open space to the rear of the properties should be segregated in some way to improve privacy and security. As this could have a negative impact on other users, officers have sought to keep such segregation to a minimum and it is hoped that it may be avoided altogether as the proposed buyers do not require any additional land as a condition of purchase.
13. Disposal of the properties requires that other issues be addressed. These include the potential relocation of the Register Office and of Age Concern which has occupied a small annexe to Central House for many years. Alternative parking arrangements for the Town Hall will need to be made as the only logical boundary arrangement for West House and Central House would include disposal of the whole forecourt parking area. Facilities and services shared between the Town Hall and the adjoining buildings will need to be dealt with and provided appropriately.
14. Agents Colliers CRE were chosen following a tender exercise to market the properties on the council's behalf. A comprehensive marketing campaign took place, including national advertising in the property press and an Internet presence. The properties were directly marketed to known interested parties. A total of 410 particulars were mailed by post or electronically and 42 viewings took place. Bidding instructions detailing the information required by way of response were issued to interested parties.
15. Bids are reported on the closed agenda for reasons of commercial confidentiality.
16. Bidders were advised that the properties will be offered by way of a 150-year

lease with requirements covering security, repairs and decoration as well as maintenance of any external space. The buyer/s will be expected to obtain planning and listed building consent for any alterations and/or change of use proposals. The freehold of the properties or an extended lease will be sold to the buyers for £1 upon satisfactory completion of any proposals.

17. The bidders were given the option of bidding for individual properties or the whole group. The recommended bidders wish to purchase the properties identified within the closed report. Their proposals for use are set out within the closed report but will be subject to formal planning consent. They have satisfied officers as to their financial resources and their ability to deliver the proposals.
18. All bidders were also advised that special arrangements would need to be made for the council's continued use of the Register Office and that it might be necessary to retain some access to parking in the short term. It is now proposed to retain the Register Office given the cost of relocating it when considered against the value of the building for sale.
19. The purchase prices recommended are the best available following the extensive marketing exercise that has been carried out and are consistent with the external valuations that have been carried out for the council. It is felt that the good response reflects the rarity of opportunities such as this and the Head of Property confirms that the prices represent the best consideration reasonably obtainable for the purposes of the Local Government Act 1972 section 123.
20. The concurrent recommendation to proceed with these bids from our agents Colliers has been appended to the closed agenda report.
21. The alternative of continued retention of these buildings is not advised as this would miss the opportunity to raise capital and mean that the liabilities for security, repairs and maintenance would remain with the council. Alternative premises are being offered to Age Concern.
22. The proposed use of the properties includes education, residential, community use and training and will be subject to formal planning and listed building consent.
23. Officers are investigating how access and services including parking currently shared with the Town Hall can be dealt with appropriately. Minor building works in and around the Town Hall will take place.

## **KEY ISSUES FOR CONSIDERATION**

### **Policy implications**

24. The proposal supports the agreed strategy of modernising council working practices by removing staff from buildings spread across the borough into one administrative office. It will thereby assist with the attainment of corporate priorities around performance management and customer focus.
25. The proposal will generate a significant capital receipt in support of the Modernisation agenda, contributing to wider initiatives such as the nil council tax increase. It will help to meet the council's commitment to carbon reduction through replacement of outdated energy-hungry accommodation with modern office space. It will also mitigate against future revenue expenditure on the

buildings being sold.

### **Community Impact Statement**

26. 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. Impact on the community of user proposals for the properties in Peckham Road will also be considered in the planning process, through which any applications for change of use or listed building consent will have to be approved.

### **Resource implications**

27. The proposal will generate a substantial capital receipt in support of the Modernisation agenda.
28. Disposal of the properties will reduce the burden on outgoings, repairs, maintenance, services etc in respect of the buildings being sold.
29. Disposal of the properties will expedite the relocation of staff in line with the Modern Working Practices strategy and relinquish buildings which, although of considerable architectural merit and historical interest, are not ideal for continued long-term office use and difficult to adapt.

### **Consultation**

30. This report notes that additional private land to the rear of the properties will not be required by the buyers as a condition of purchase and that appropriate consultation will take place on any other significant changes to those areas. The Camberwell Society has been consulted over the Richard Griffiths report and has indicated support in principle for its main recommendations. Ward members were also supplied with copies of the Richard Griffiths report.

## **SUPPLEMENTARY ADVICE FROM OTHER OFFICERS**

### **Strategic Director for Communities Law and Governance**

31. 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 19 of this report that the Head of Property confirms that the sale terms referred to in Paragraphs 1 and 2 of this report and set out in the closed agenda represent the best consideration that can reasonably be obtained and therefore the Executive may approve the disposal of the properties to the buyers.
32. The recommendation set out in paragraph 5 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**

33. This report recommends the terms for the disposal of West House, Central House, East House and South House, Peckham Road, London SE5, and for 29

Peckham Road, London SE5. The Finance Director notes that the Head of Property considers that the disposal terms represent best consideration under section 123 of the Local Government Act 1972.

34. The Finance Director notes that the capital receipt from the sale of all these properties will form part of the council's resources to fund its extensive capital programme.
35. The Finance Director notes that there may be a need for the council to lease or licence part of these properties. The costs of any such arrangements 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 of West House, Central House, East House, South House
Appendix 2	Plan of 29 Peckham Road

## AUDIT TRAIL

<b>Lead Officer</b>	Richard Rawes, Strategic Director of Regeneration and Neighbourhoods	
<b>Report Author</b>	Jeremy Pilgrim Development & Disposals Manager / Christopher Rhodes, Principal Surveyor	
<b>Version</b>	Final	
<b>Dated</b>	October 12 2009	
<b>Key Decision?</b>	Yes	
<b>CONSULTATION WITH OTHER OFFICERS / DIRECTORATES / EXECUTIVE MEMBER</b>		
<b>Officer Title</b>	<b>Comments Sought</b>	<b>Comments included</b>
Strategic Director for Communities, Law and Governance	Yes	Yes
Finance Director	Yes	Yes
<b>Executive Member</b>	Yes	Yes
<b>Date final report sent to Constitutional/Community Council/Scrutiny Team</b>	October 12 2009	