

Item No.	Classification: Open	Date: 9 February 2010	Meeting Name: Executive
Report title:		Authority to purchase leasehold interests in Lakanal House, Sceaux Gardens, Camberwell	
Ward:		Brunswick Park	
From:		Strategic Director of Regeneration & Neighbourhoods	

RECOMMENDATIONS

That the Executive authorises

1. The acquisition by agreement of all residential leaseholds in Lakanal House Camberwell.
2. The Head of Property to agree terms for the purchase of the individual properties.

BACKGROUND INFORMATION

3. Lakanal House is a fifteen storey block of ninety-eight two bedroom maisonettes that was completed in 1959; it forms part of the larger Sceaux Gardens Estate. Its location is shown edged red on the plan appended to this report.
4. Following a fire on July 3 2009 the block was vacated of all residents as a result of the damage that arose and to enable the relevant authorities to carry out appropriate investigations.
5. This report is confined to one consequence of the fire: the purchase of leasehold properties.

KEY ISSUES FOR CONSIDERATION

6. A decision will need to be taken in the future as to what to do with Lakanal. This will require input from all relevant stakeholders. It is however prudent for the council to have control of the whole block to give flexibility in determining its future strategy. The acquisition of leasehold interests is necessary to achieve this. The purchases will therefore result in the improvement of the area and benefit longer term housing provision.
7. For practical and legal reasons, Lakanal needs to be preserved in its current state until the police investigation concludes and the coroner has had the opportunity to consider whether he will want to visit the site as part of the inquest. A decision on its future will be informed by the results of those proceedings, and cannot therefore be taken at this stage.
8. The acquisition of the leasehold interests will be in accordance with the statutory compensation code. Under the council's Constitution, the Head of Property has delegated authority to acquire properties outside any scheme already agreed by members, where the market value is less than £100,000. The acquisition of Lakanal House properties is not an agreed scheme and the market value of each of the properties to be acquired may exceed £100,000.

9. Negotiations are in hand with the leaseholders in the block.

Policy Implications

10. As mentioned previously, the acquisition of all leasehold interests will give the council maximum scope and flexibility to develop the best policy for the future of the block.
11. There is a risk that it will not be possible to acquire all leaseholds by agreement in which case this will inhibit the policy approach to the block. .

Legal Implications

12. Section 120 of the Local Government Act 1972 enables a principal council to acquire by agreement any land, whether situated inside or outside their area for the purposes:
 - (a) any of their functions under that or other enactment; or
 - (b) the benefit, improvement or development of that area.
13. Section 120(2) of the same Act enables a principal council to acquire any land for any purpose of which it is authorised by that or other enactment to acquire land, notwithstanding the land is not immediately required for that purpose and until it is required for the purpose of which was acquired, the land acquired may be used for the purpose of any of the council's functions.

Financial Implications

14. These are set out in the closed report on the agenda.

Community Impact Statement

15. The recommendations will primarily impact on the residents of Lakanal and in particular leaseholders. It is considered that overall they are beneficial to future wellbeing of residents.

Consultation

16. Discussions have been held with the leaseholders to discuss the council's approach to this issue.

SUPPLEMENTARY ADVICE FROM OTHER OFFICERS

Strategic Director of Communities, Law & Governance

17. Section 120(1) of the Local Government Act 1972 ("the Act") enables a principal council to acquire by agreement any land, whether situated inside or outside their area, for the purposes of:-
 - (a) Any of their functions under that or other enactment, or
 - (b) The benefit, improvement or development of their area.
18. Section 120(2) of the Act enables a principal council to acquire any land for any purpose of which they are authorised by that or any other enactment to acquire

land, notwithstanding the land is not immediately required for that purpose; and, until it is required for the purpose for which it was acquired, the land acquired may be used for the purpose of any of the council's functions.

19. The Strategic Director of Regeneration and Neighbourhoods confirms in paragraph 6 of this report that the purchases will result in the improvement of the area and therefore the requirements of Section 120(1) of the Act are fulfilled.
20. Where the market value reserved for the acquisition of land and property outside any scheme already agreed by members is more than £100,000, Paragraph 14 of Part 3C of the Constitution requires that the matter is reserved to full Executive for collective decision making.

Finance Director

21. The financial implications laid out herein represent an accurate assessment of the position. There is an urgent need to review the existing housing investment programme in order to assess the impact of this project which is unavoidable. As a last resort, and in the event of variations to the current housing investment programme being impractical, then other council balances and reserves will need to be considered, such as the HRA balances which should be noted are already limited.

Strategic Director of Environment and Housing

22. As stated in the body of the report, the council is not in a position to decide the future of the building at this point in time but needs to ensure it discharges its duty in respect of insurance expectation and the council needs to show that it is doing all it can to resolve the issue of buying back the flats pending a decision on the future of the block.
23. The council's leases also contain a 'quiet enjoyment' covenant which obliges the council not to obstruct the normal use of the premises. Most of the nine flats sold on long leases were unaffected by the fire and leaseholders could insist on being allowed access/to use their flats. The early buy back of the flats will mitigate the risks involved.
24. There is a financial incentive to buy back properties without recourse to a compulsory purchase order, this incentive is now set out in SI 2003/3146 The Local Authorities (Capital Finance and Accounting)(England) Regulations. Councils are allowed to pool 35% of their annual costs (over £50,000) of administering and buying back ex council properties, offsetting this amount against the set aside for capital receipts from the Right to Buy. Instead of having to pay 75% of RTB capital receipts to the government, councils are obliged only to pay a lesser sum, the original amount being reduced by a sum equivalent to 35% of all buy back costs over £50,000 in any financial year

BACKGROUND PAPERS

Background Papers	Held At	Contact
Case file	Major Projects 160 Tooley Street	Patrick McGreal 0207 525 5626
Individual Executive Member Decision dated 17 August 2009 and report	http://moderngov.southwarksites.com/Published/IssueDocs/5/1/9/5/I00005915/\$090812LakanalReport.doc.pdf http://moderngov.southwarksites.com/Published/IssueDocs/5/1/9/5/I00005915/DE00000705/RecordofdecisionLakanalSceauxGardensEstate.pdf	

APPENDICES

No.	Title
Appendix 1	Location plan showing Lakanal

AUDIT TRAIL

Lead Officer	Richard Rawes, Strategic Director of Regeneration & Neighbourhoods	
Report Author	Patrick McGreal, Property Advisor – Major Projects	
Version	Open FINAL	
Dated	January 27 2010	
Key Decision?	No	
CONSULTATION WITH OTHER OFFICERS / DIRECTORATES / EXECUTIVE MEMBER		
Officer Title	Comments Sought	Comments included
Strategic Director of Communities, Law & Governance	Yes	Yes
Finance Director	Yes	Yes
Strategic Director of Environment and Housing	Yes	Yes
Executive Member	Yes	Yes
Date final report sent to Constitutional/Community Council/Scrutiny Team	1 February 2010	