

Item No. 21.	Classification: Open	Date: 17 December 2019	Meeting: Cabinet
Report title:		Strategic Acquisition of land Old Kent Road SE15	
Ward:		Old Kent Road	
Cabinet Members:		Councillor Victoria Mills, Cabinet Member for Finance, Performance & Brexit	

FOREWORD – COUNCILLOR VICTORIA MILLS, CABINET MEMBER FOR FINANCE, PERFORMANCE & BREXIT

Southwark Council is committed to building on the Old Kent's Road central location, unique character and its strong communities and is investing to ensure it's a great place to live, work and do business.

An opportunity has arisen on the Old Kent Road to make an acquisition that will support the huge potential for jobs, businesses and homes in the area and particularly our ambitious target of building 11,000 new council homes across Southwark by 2043.

Our vision for any new housing is that it is of the highest quality in terms of design, architecture, materials, public realm and build quality and this site will be no exception. Alongside this vision is the opportunity for much needed affordable business space as well as the new shops that will help form a revitalised high street for Old Kent Road. The revenue from this will provide a much needed income stream for the Council.

RECOMMENDATIONS

That Cabinet:

1. Authorises pursuant to s120 of the Local Government Act 1972 and s9 of the Housing Act 1985, that the Council acquires the freehold interest in the property shown edged red on the plan at Appendix A.
2. Authorises the principal purchase terms set out in full in paragraph 4 of the closed version of this report and substantially in paragraph 19 of this report.
3. Delegates to the Director of Regeneration authority to agree the detailed terms of the acquisition.

BACKGROUND INFORMATION

4. The site has been largely unoccupied for approximately 15 years although more recently has been partly let on a commercial lease. There is also an advertising hoarding at the property, generating additional income.
5. Part of the site includes a Victorian warehouse building facing the Old Kent Road which will be retained in accordance with the Old Kent Road AAP and could be used for either commercial or community use subject to refurbishment.

6. The Council is developing a new Area Action Plan for the Old Kent Road where it is proposed that an additional 20,000 homes are built within the next 20 years. There are plans for the extension of the Bakerloo Line from Elephant and Castle along the Old Kent Road.
7. We have taken external advice and commissioned an architectural massing exercise for the site taking into account the planning guidance within the AAP which proposes in excess of 200 flats with circa 16,500 sq ft of new commercial space on the site once vacant possession can be obtained and a planning application is submitted.
8. The opportunity to purchase the property has arisen and the Council submitted a bid subject to Cabinet approval that has been accepted by the vendor. Contracts have been exchanged subject to approval by Cabinet.
9. The Old Kent Road Area Action Plan identifies the area for long term redevelopment and this site presents an opportunity for a strategic purchase of an income producing asset where there are opportunities including residential development.
10. Southwark's housing strategy to 2043 pledges to use every tool at the council's disposal to increase the supply of all kinds of homes across the borough and to build 11,000 new council homes by 2043.

Factors for consideration

11. The inclusion of the property within the Old Kent Road Opportunity Area means it offers scope to deliver a mixed use scheme in pursuit of the Council Plan undertaking. Discussions have taken place with planning officers and these suggest the site may accommodate around 200 new homes and approximately 16,500 sq ft of new commercial space. Cabinet should bear in mind these outputs are indicative and in no way fetter the Planning Committee's ability to determine any application it receives on its own merits.
12. Assuming the property is acquired, a decision can subsequently be taken as to how the property is redeveloped. Any housing developed as part of the scheme could be a mix of 50% affordable homes and 50% for market sale to assist funding subject to the design of the scheme which is in the Area Action Plan.
13. The property is to be acquired subject to a lease that expires in July 2022. This means the Council cannot obtain possession of the entire site before then. Bringing new schemes forward inevitably takes time in design, planning and commissioning terms so the existence of the lease is not an issue. Indeed it means the property will yield an income and should remain occupied whilst plans for the site are formulated and taken forward ready to build. In addition, there is a larger area of open space on the site which is not currently utilised. In the short-medium term the Council can let this space for open storage to further generate an income until plans to develop the site further are progressed, or can be occupied by LBS.
14. In the light of the planning status, the property's location and its strategic benefit it is appropriate that the Council seek to acquire the property.
15. Section 120 of the Local Government Act 1972 enables the Council to acquire land for any of the Council's functions under the Local Government Act or any

other enactment, or for the benefit, improvement or development of their area.

16. Section 9 of the Housing Act 1985 provides that a local housing authority may provide housing accommodation by erecting houses or by converting buildings into houses or by acquiring houses. The Housing Act therefore gives the Council power to build houses itself on land acquired for that purpose.
17. Terms for the purchase of the property have been agreed with the vendor and contracts exchanged subject to Cabinet approval and these are set out in the next paragraph. If further detailed issues arise over the contract it is recommended that authority be delegated to the Director of Regeneration to agree such matters in consultation with the Strategic Director of Finance and Governance.

PRINCIPAL PURCHASE TERMS

18. a) The Council pays the consideration set out in the closed version of this Report.
- b) On exchange of contracts the Council paid a fully refundable deposit of £100,000 as set out in the closed version of this report. Therefore in the event that the purchase is not agreed by Cabinet the contract falls away and the deposit is returned.
- c) On completion, the property to be subject to a lease and separate licence referred to in paragraph 4.
- d) The parties to meet their own costs of the transfer.

Commentary on principal purchase terms

19. a)-b) Refer to closed version of report.
- c) See paragraph 13.
- d) A standard provision.

Rationale for recommendations

20. a) To assist the Council making strategic purchases of sites for its long term use.
- b) To further a commitment within the new Council Plan.
- c) To enhance the Council's asset base.

Community impact statement

21. The new Council Plan was the subject of extensive community consultation. The recommendations herein further the delivery of the *A Place to Belong* commitment set out in the Plan.
22. The Equality Act 2010 requires the Council in the exercise of its functions to have due regard to the need to:

- a) eliminate discrimination;
- b) advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it; and
- c) foster good relations between persons who share a relevant protected characteristic and persons who do not share it.

23. Relevant protected characteristics for the purposes of the Equality Act are:

- Age
- Civil partnership
- Disability
- Gender reassignment
- Pregnancy and maternity
- Race
- Religion or belief
- Sex and sexual orientation.

24. In considering the recommendations herein the Cabinet must have due regard to the possible effects them on any groups sharing a protected characteristic in order to discharge its public sector equality duty. This is an ongoing obligation.

25. If the recommendations set out are approved, the Council will purchase an industrial site which will be redeveloped for mixed use. When the time comes to terminate the occupational lease, it will be necessary for regard to had to any possible effects on groups with a protected characteristic arising from the action.

Financial implications

26. The acquisition of the property will incur substantial capital expenditure and this is considered in detail in the closed version of the report.

27. As set out in paragraph 13 the property will generate an income between acquisition and termination of the lease that exists. This income will more than cover the Council's holding costs for the property.

28. Submitting the bid for the property and processing the legal documentation necessary to complete the purchase, has and will incur revenue costs but these will be met from existing budgets.

SUPPLEMENTARY ADVICE FROM OTHER OFFICERS

Director of Law & Democracy

29. As set out in this report the property will be acquired pursuant to s120 of the Local Government Act 1972 which gives the Council power to acquire land by agreement for the purposes of (a) any of the Council's functions under the Local Government Act or (b) the benefit, improvement or development of the area. The report sets out at paragraph 11 how these requirements are met.

30. Section 9 of the Housing Act 1985 states that a local housing authority may provide housing accommodation by erecting houses or converting buildings into houses on land acquired by them for the purposes of the Housing Act.

31. Section 120(2) of the Local Government Act 1972 further provides that where land is acquired for a purpose and it is not immediately required for that purpose, it may be used for the purpose of any of the council's functions until it is required for the purpose for which it was acquired. This provision would authorise an "investment" use as envisaged by this report.
32. Taken together these provisions give the Council adequate legal powers to acquire the property for housing and to use it for investment purposes in the interim period prior to construction of housing.

Strategic Director of Finance & Governance (H&M19/119)

33. Acquisition of this site is of strategic benefit to the council, offering the opportunity for mixed use development on the Old Kent Road. The Strategic Director of Finance and Governance is satisfied that officers have taken appropriate steps to ensure the consideration offered represents market value.
34. As set out in the financial implications section of the report, the cost of the acquisition including associated fees will be will be financed in a way that will have the most beneficial impact to the council. Staffing and any other costs associated with the acquisition will be contained within existing departmental budgets. The site will remain occupied until July 2022, allowing time for the council to progress its plans for development and providing a small rental stream.

BACKGROUND DOCUMENTS

Background Papers	Held At	Contact
Council Plan 2018/19 – 2021/22	Southwark Council, 160 Tooley Street, London SE1 2QH	Marcus Mayne
Link: http://moderngov.southwark.gov.uk/documents/s78763/Report%20Council%20Plan.pdf		

APPENDICES

Appendix	Title
Appendix A	Site Plan

AUDIT TRAIL

Cabinet Member	Councillor Victoria Mills, Cabinet Member for Finance, Performance & Brexit		
Lead Officer	Kevin Fenton; Strategic Director Place and Wellbeing		
Report Author	Marcus Mayne Principal: Regeneration South.		
Version	Final		
Dated	6 December 2019		
Key Decision?	Yes		
CONSULTATION WITH OTHER OFFICERS / CABINET MEMBER			
Officer Title	Comments Sought	Comments included	
Director of Law & Democracy	Yes	Yes	
Strategic Director of Finance & Governance	Yes	In closed version	
Cabinet Member	Yes	Yes	
Date final report sent to Constitutional Team			6 December 2019