

Item No. 16.	Classification: Open	Date: 13 July 2021	Meeting Name: Cabinet
Report title:		Acquisition of land adjacent to the council's Old Kent Road site	
Ward:		Old Kent Road	
Cabinet Member:		Councillor Helen Dennis, Climate Emergency and Sustainable Development	

FOREWORD – COUNCILLOR HELEN DENNIS, CABINET MEMBER FOR THE CLIMATE EMERGENCY AND SUSTAINABLE DEVELOPMENT

The acquisition of this site, located on the Old Kent Road, is fully funded by the Ministry of Housing, Communities & Local Government (MHCLG) Future High Street's Fund and supports the aim of the Old Kent Road AAP to provide new commercial space and delivery of new affordable housing in Southwark. The Council is able to safeguard the future use of this site, which has previously included anti-social uses and ensure that it is repaired and refurbished to secure its future and complement the adjacent site which is already under council ownership.

The plans for this site will include additional commercial space, supporting local businesses and increasing the amount of affordable commercial workspace available in the area. The wider plan for the larger site includes future delivery of approximately 200 new homes and purchasing this site ensures that a more cohesive and complementary development can be brought forward through intervention by the council but the acquisition being fully funded by central government.

RECOMMENDATIONS

That Cabinet:

1. Authorises pursuant to s227 of the Town and Country Planning Act 1990, that the Council acquires the freehold interest in the property at 719-725 & 727 Old Kent Road shown edged black on the plan at Appendix A.
2. Authorises the principal purchase terms set out in full in in the closed report.
3. Delegates to the director of planning & growth authority to agree the detailed terms of the acquisition.

BACKGROUND INFORMATION

4. 719-725 & 727 Old Kent Road (shown edged black in the plan in Appendix A) adjoins and is enclosed by our existing ownership of the Folgate site (hatched black on the plan) which is identified in the AAP masterplan to deliver a mixed use development of approximately 200 new homes over commercial.
5. The subject site at 719-725 & 727 Old Kent Road covers 0.146 acres and currently comprises an early Victorian parade of shops with upper parts, fronting onto the Old Kent Road. To the rear there is a workshop and associated buildings.
6. The site is currently subject to a proceeds of crime act order against the owner for illegal residential letting of some of the units and is generally in a poor state of repair and condition. The owner has to pay a court order in the sum of £300,000 to the council before the site can be sold.
7. Gaining control of this site offers the council as the adjoining owner the ability to create a more comprehensive and efficient redevelopment of the sites.
8. The combined sites are identified in the Old Kent Road Area Action Plan as having the potential to deliver a mixed use scheme of 200 residential units, new commercial space to the ground floor and for the existing commercial buildings on the subject site to be refurbished and to offer further commercial space/ workspace.

KEY ISSUES FOR CONSIDERATION

9. Due to the poor condition of the existing buildings and the history of anti-social uses on 719-725 & 727 Old Kent Road, officers have considered the blight impact to the adjacent council owned Folgate site. The existing site at 719-725 & 727 Old Kent Road would have a noticeable negative impact on future residential values if not substantially improved and refurbished. Advice from external surveyors have confirmed this position.
10. The owners of 719- 725 & 727 Old Kent Road have advertised the site for sale through agents on the open market. Discussions have progressed and provisional terms have now been agreed (see Closed Report). The Council instructed independent valuers who have confirmed that the agreed price represents good value to the Council.
11. 719-725 & 727 Old Kent Road was identified as part of a Future High Street Bid in 2019. LBS were one of the successful local authorities and the Council has secured grant funding for acquisitions of interests and refurbishment of existing buildings. Therefore the full cost of this proposed acquisition will be paid by this grant, which is represents a significant

saving to the Council as it is effectively acquiring the site at zero cost to itself.

12. The acquisition of this land allows for a more comprehensive scheme to be brought forward on the wider island site (known as the Folgate Site) in accordance with the area action plan and LBS would then own both parts of the site. Under council ownership in any residential scheme 50% affordable housing can be delivered rather than the normal 35%.
13. The subject site can provide additional commercial/ workshop space, thus providing opportunities for small businesses and start-ups in the borough and ensuring that the buildings remain economically viable and can be maintained in perpetuity. At least 10% of the new commercial space would be affordable.
14. Principal terms for the purchase of the property have been agreed by the vendor and the council and these are set out in the closed report. Inevitably when the contract for the purchase is negotiated there will be items of detail that will also require agreement and it is recommended that the Director of Planning & Growth be delegated authority to agree such matters.

PRINCIPAL PURCHASE TERMS

15. Set out in closed report.

COMMENTARY ON PRINCIPLE PURCHASE TERMS

16. Set out in closed report.

RATIONALE FOR RECOMMENDATIONS

17.
 - a) To enhance the council's asset base by acquiring a strategic commercial interest, which allows the council to benefit from a substantial uplift in value of our adjoining Folgate land and improving the subject site once acquired.
 - b) To improve the OKR through the MHCLG Future High Street Fund which has been granted to acquire the land and to improve the buildings.
 - c) To assist in the council's long term commitment to providing new homes for those on the housing waiting list when the wider site is redeveloped.

Community impact statement

18. 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.
19. 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.
20. 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.
21. In considering the recommendations herein the cabinet must have due regard to the possible effects of them on any groups sharing a protected characteristic in order to discharge its public sector equality duty. This is an ongoing obligation.
22. If the recommendations set out are approved, the council will purchase a dilapidated commercial building that had previously been used for illegal residential letting. By making the acquisition it will allow for a more comprehensive and valuable development to take place on the adjacent larger site, already in council ownership and create over 200 new homes

including ones to be let at council rent levels, together with new commercial investment space.

23. Any new homes delivered will greatly improve the quality of life of its residents, some of which may have protected characteristics. If there is a subsequent need to terminate any existing leases to enable a redevelopment of a mixed use residential and commercial scheme to proceed, it will be necessary for regard to be had to any possible effects on groups with a protected characteristic arising from the action and to mitigate any impact upon them.

Financial implications

24. Set out in closed report.

SUPPLEMENTARY ADVICE FROM OTHER OFFICERS

Director of Law & Governance

25. The report recommends the acquisition of the Property edged in black on the plan annexed in order to combine this site with the council's adjoining land and to develop it for housing and commercial/workspace units which will generate an income for the council.
26. The council has powers under s227 of the Town and Country Planning Act 1990 to acquire land by agreement. Section 227 says that a council or London Borough may acquire land by agreement for any purpose for which they are authorised to acquire land pursuant to s 226.
27. A council is authorised to acquire land pursuant to s226 if the authority thinks that the acquisition will facilitate the carrying out of development, redevelopment or improvement on or in relation to the land, or if it will achieve a purpose in the interests of the proper planning of the area.
28. The proposed acquisition recommended by this report will facilitate the development of the area for housing and will assist with the proper planning of the area fulfilling the Old Kent Road Area Action Plan. The council therefore has adequate powers under the Town and Country Planning Act 1990 to acquire the Property.
29. The report confirms that authority to agree the detailed terms of the acquisition should be delegated to the director of planning and growth pursuant to part 3 O of the council's constitution.

Strategic Director of Finance & Governance

30. Set out in the closed report.

BACKGROUND DOCUMENTS

Background Papers	Weblink
Council Plan 2018/9 – 2021/22	Link (copy and paste into browser): http://moderngov.southwark.gov.uk/documents/s78763/Report%20Council%20Plan.pdf

APPENDICES

Appendix	Title
Appendix A	Site Plan

AUDIT TRAIL

Cabinet Member	Councillor Helen Dennis, Climate Emergency and Sustainable Development	
Lead Officer	Stephen Platts, Director of Planning & Growth	
Report Author	Marcus Mayne, Principal Surveyor: Regeneration South	
Version	Final	
Dated	30 June 2021	
Key Decision?	Yes	
CONSULTATION WITH OTHER OFFICERS / CABINET MEMBER		
Officer Title	Comments Sought	Comments included
Strategic Director of Housing & Modernisation	No	No
Director of Law & Governance	Yes	Yes
Strategic Director of Finance & Governance	Yes	Yes(closed report)
Cabinet Member	Yes	Yes
Date final report sent to Constitutional Team		30 June 2021

Appendix A- Site Plan

