

CABINET

18 September 2018

Title: Sale of Council-Owned Land	
Report of the Cabinet Member for Finance, Performance and Core Services	
Open Report with Exempt Appendices 3 and 4 (relevant legislation: paragraph 3 of Part I of Schedule 12A of the Local Government Act 1972 as amended)	For Decision
Wards Affected: Heath & Valence	Key Decision: No
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Accountable Director: Robert Overall, Director of My Place	
Accountable Strategic Leadership Director: Claire Symonds, Chief Operating Officer	
Summary: The report provides background information on two Council owned plots of amenity green sites recommended for disposal, which has been triggered by public enquiries and changes in service delivery. Following consideration as part of the Property Review including consultation with Services, no future Council operational or strategic requirements have been identified for either site. It is therefore recommended that the disposal should proceed given the need to achieve capital receipts to sustain the Capital Programme. This will also result in a small revenue saving in the Grounds Maintenance budget.	
Recommendation(s): The Cabinet is recommended to: (i) Approve the disposal of the Council's freehold interest in the land adjacent to 1 Calverley Crescent, Dagenham, as shown edged red on the plan at Appendix 1 to the report, to the adjoining land owner on the terms set out in Appendix 3 to the report; and (ii) Approve the disposal of the Council's freehold interest in the land adjacent to 10 Valence Wood Road, Dagenham, as shown edged red on the plan at Appendix 2 to the report, to the adjacent land owner on the terms set out in Appendix 4 to the report.	

Reason(s)

To assist the Council in achieving its corporate policies of “encouraging civic pride” and “growing the borough” by disposing of surplus Council owned land to facilitate development.

1. Background

- 1.1 The Council owns the freehold interest in (1) the land fronting and adjoining 1 Calverley Crescent Dagenham and (2) the land adjoining 10 Valence Wood Road. Both sites are held in the Housing Revenue Account.
- 1.2 The land adjoining 1 Calverley Crescent is grassed and unfenced and used for unauthorised parking of cars and fly-tipping while that adjoining 10 Valence Wood Road is also grassed but enclosed with steel palisade fencing and is not accessible by the public. Neither site constitutes public open space under the Town and Country Planning Act 1990.
- 1.3 The owners of 1 Calverley Crescent and 10 Valence Wood Road, Dagenham approached the Council about acquiring the Council owned parcels adjoining their respective properties with the sole purpose of combining the required area of Council land with their respective side/rear plots to develop single dwelling houses.
- 1.4 Neither of the Council owned sites have any development potential in isolation of the adjoining properties side/rear plots. However, when combined with the adjoining properties side/rear plots, they are of sufficient size to accommodate single dwelling houses subject to obtaining the necessary statutory consents.

2. Proposal and Issues

- 2.1 It is proposed that the freehold of the area of Council owned land shown edged red in Appendices 1 and 2 is sold to the owners of the adjoining properties at 1 Calverley Crescent and 10 Valence Wood Road. These owners are special purchasers on the appended terms.
- 2.2 The disposal of these sites would produce capital receipts that would support the Council’s Capital Programme to support service delivery and relinquish/reduce the Council’s on-going responsibility for the maintenance and upkeep of the sites.
- 2.3 The agreed terms set out in Appendices 3 and 4 constitute best consideration and have been agreed for the adjoining land owners. This information is in the exempt section of the agenda as it is commercially sensitive and the public interest in maintaining the exemption outweighs the public interest in disclosing the information – relevant legislation: paragraph 3 of Part 1 of Schedule 12A of the Local Government Act 1972 (as amended).

3. Options Appraisal

- 3.1 The table below summarises the standard options appraisal assessment framework that has been used to assess each site.

- 3.2 Option 3 is preferred because this option is considered to offer the only available opportunity to reduce the Council's maintenance costs while raising capital receipts for the Council at the same time.

Option	Description	Conclusion
Option 1	Do nothing	This option is not recommended as it will not produce a capital receipt. In addition, the Council will continue to incur costs for maintaining the individual plots of land and for keeping these plots clean and tidy.
Option 2	Redevelopment by the Council	This option is not available as neither of the Council owned plot is capable of being developed in isolation of the adjoining properties rear/side plots, with the sale of the Council land being the key to unlocking the development potential of the combined site.
Option 3 - Recommended option	Sell to the respective adjoining land owners	By implementing this policy, the Council is able to both rationalise its property holdings and generate capital receipts to support the capital programme.

4. Consultation

- 4.1 Ward Members and other Members and Senior Officers have been consulted on the proposed disposal.
- 4.2 The proposal has been approved by the Asset and Capital Board.

5. Financial Implications

Implications completed by: Rodney Simons – Principal Accountant Capital

- 5.1 The property is no longer of use to the Council's General Fund on an operational basis and is proposed for disposal.
- 5.2 Disposal of the property will create a capital receipt towards the current capital programme and remove/reduce the current revenue costs associated with the maintenance of the sites. Additional capital receipts will enable the Council to reduce its level of borrowing and related charges i.e. interest on borrowing.
- 5.3 Disposal costs will be borne by the prospective purchasers of the land, on the understanding that the money paid would not be refunded if the Council did decide not to sell the land to them.

6. Legal Implications

Implications completed by: Sayida Hafeez, Property Solicitor

- 6.1 The Council owns the freehold land (i) fronting and adjoining 1 Calverley Crescent, Dagenham and (ii) adjoining 10 Valance Wood Road, Dagenham and is required to obtain best consideration in the disposal of its assets. The Council has the power to enter into contracts for the disposal of property but must do so in compliance with law and the Council's acquisition and land disposal rules.
- 6.2 The Council's Constitution, Part 4, Chapter 4 sets out the Land Acquisition and Disposal Rules. In accordance with paragraphs 2.1 to 2.2, all strategic decisions about the use, acquisition and disposal of land and property assets is within the remit of the Cabinet and must be approved by it.
- 6.3 The Council's disposal powers are contained in section 123 of the Local Government Act 1972 (LGA 1972), and Section 1 of the Localism Act 2011 also provides local authorities with a general power of competence.
- 6.4 Under Section 123 LGA 1972, the Council has the power to dispose of land in any manner that it wishes to which includes the sale of freehold land. One constraint is that the disposal must be for the best consideration reasonably obtainable unless there is ministerial consent, or the transfer is to further local well-being. The Council has instructed GRE Property Services Ltd (Surveyors) and valuations have been obtained. The Heads of Terms that have been approved and the respective purchase prices have been negotiated and agreed. As part of the negotiations, the buyers have agreed to pay the Council's legal fees up to a maximum of £1,500 and other professional fees of £2,500. The Heads of Terms reflect the best consideration. Therefore, this condition is fulfilled, and the Council is at liberty to proceed with the proposed disposal. The Legal Practice should be consulted in connection with the preparation and completion of any further necessary legal documentation.

7. Other Implications

- 7.1 **Risk Management** – Amenity greens are vulnerable to illegal occupation and rubbish being dumped on them. In addition to this, the Council incurs costs for maintaining these sites. Sale of the two sites will help reduce this risk and transfer liability for the site to another owner.
- 7.2 **Contractual Issues** – The proposed transactions are a sale of the Council's freehold interest in two plots of land. Legal Services will be instructed to prepare the contract for sale.
- 7.3 **Health Issues** – The land being sold can be overgrown and could become a haven for vermin and fly tipping thus posing health risks to residents living in the area if left as it is.
- 7.4 **Crime and Disorder Issues** - The sites are vulnerable to illegal occupation.
- 7.5 **Property / Asset Issues** – Retaining ownership of these sites encumbers the Council with ongoing costs of maintenance.

7.6 **Town Planning** – Any development of the land will be made in accordance with the Council's Planning policies.

Public Background Papers Used in the Preparation of the Report: None

List of appendices:

Appendix 1 – Site plan of land adjoining 1 Calverley Crescent, Dagenham

Appendix 2 – Site plan of land adjoining 10 Valence Wood Road, Dagenham

Appendix 3 – Proposed Heads of Terms for sale of land adjoining 1 Calverley Crescent, Dagenham (Exempt document)

Appendix 4 – Proposed Heads of Terms for sale of land adjoining 10 Valence Wood Road, Dagenham (Exempt document)