

CABINET

27 January 2015

Title: Council Sites - Land Disposals	
Report of the Cabinet Member for Finance	
Open Report with Exempt Appendices (2 and3)	For Decision
Wards Affected: Various	Key Decision: Yes
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Accountable Director: Jonathan Bunt, Chief Finance Officer	
Summary: This report outlines a list of Council owned sites for approval to dispose of. No future strategic or operational use within the Council has been identified for these sites and they are therefore considered surplus to requirements and are suitable for disposal with the aim of maximising capital receipts.	
Recommendation(s) The Cabinet is recommended to: (i) Approve the disposal of the Council's freehold interest in the land south of Plumtree Close, Dagenham, shown edged red on site plan1 at Appendix 1 to the report, to an adjoining owner for the best consideration and terms that can reasonably be agreed; (ii) Approve the disposal of the Council's freehold interest in the land and buildings known as Rose Redding Hall, 163 Bennetts Castle Lane, Dagenham, shown edged red on site plan 2 at Appendix 1, to the occupying charity, LifeLine Community Project, for the best consideration and terms that can reasonably be agreed; (iii) Approve the joint marketing and disposal with NHS Properties of the land adjacent to the Thames View Health Centre, Bastable Way, shown edged red on site plan 3 at Appendix 1, for the best consideration and terms that can reasonably be agreed; (iv) Approve the joint marketing of land adjacent to the Ship and Anchor site and adjacent land parcels owned by the Council at Becontree Heath, Dagenham, shown edged red on site plan 4 at Appendix 1, to facilitate the regeneration of the entire site and to note that a further report on the marketing will be presented to	

Cabinet in due course;

- (v) Approve the disposal of the Council's interest in 64-68 Church Street, Dagenham, shown edged red on site plan 5 at Appendix 1, to the adjoining owner Estuary Housing Association for the best consideration and terms that can reasonably be agreed;
- (vi) Approve the disposal of the Council's interest in 1 and 2 The Triangle, Tanner Street, Barking, shown edged red on site plan 6 at Appendix 1, to the occupying tenants for the best consideration and terms that can reasonably be agreed;
- (vii) Approve the disposal of the Council's freehold interest in the farm house at Hooks Hall Farm, Dagenham and the associated disposal of grazing land, shown edged red on site plan 7 at Appendix 1, on a long lease to the current occupants to facilitate further invest in their business for the best consideration and terms that can reasonably be agreed;
- (viii) Approve the disposal of 90 Stour Road, Dagenham, shown edged red on site plan 8 at Appendix 1, for the best consideration and terms that can reasonably be agreed;
- (ix) Approve the disposal of land at Siviter Way, Dagenham, shown edged red on site plan 9 at Appendix 1, for the best consideration and terms that can reasonably be agreed;
- (x) Approve the disposal of land adjacent to Marks Gate Cemetery and Bagleys Spring, Chadwell Heath, shown edged red on site plan 10 at Appendix 1, for the best consideration and terms that can reasonably be agreed;
- (xi) Approve the disposal of amenity greenbelt land off Bridport Avenue, Romford, (situated outside the Borough), shown edged red on site plan 11 at Appendix 1, to the London Borough of Havering for the best terms that can be agreed including the provision for either overage or a restrictive covenant against future development of either parcel of land;
- (xii) Approve the disposal of a vacant strip of land to the south of Althorne Way, shown edged red on site plan 12 at Appendix 1, to Morrisons and to enter into all necessary agreements for its use as a joint Leisure Centre / Morrisons Car Park;
- (xiii) To note the current positions regarding the Fanshawe Community Centre site and 145 Halbutt Street as set out in paragraph 2.3 and 2.4 of the report;
- (xiv) Delegate authority to the Chief Executive, in consultation with the Head of Legal and Democratic Services, the Chief Finance Officer and the Cabinet Member for Finance, to agree terms and negotiate the contract documents to fully implement and effect the sale of the sites; and
- (xv) Authorise the Head of Legal and Democratic Services, or an authorised delegate on her behalf, to execute all of the legal agreements, contracts and other documents on behalf of the Council.

Reason(s)

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

1. Background

1.1 This paper provides an update on the Council's surplus land for disposal. These sites are not considered suitable for redevelopment by the Council or are not required for operational reasons and have therefore been assessed as suitable for disposal. Disposal of the sites will produce significant capital receipts that can be reinvested within the borough and/or used to support service delivery.

1.2 A new Corporate Asset Management Strategy (CAMS) is being developed for consideration and approval by Cabinet. To assist development of the new CAMS, all Council owned assets (and where appropriate private and other public sector assets) have been mapped using a Geographical Information System (GIS). This allows our real estate holdings to be evaluated according to their contribution to achieving our corporate objectives and assessed using a broad range of social and economic measures. This analysis will support the development of a comprehensive disposal, investment and redevelopment programme to support achieving the Council's objectives.

2. List of Proposed Surplus Land Disposals

2.1 The table below summarises the sites that have currently been determined as surplus and that should be considered for disposal. Appendix 1 shows location and site plans and Appendices 2 and 3 (which are in the exempt section of the agenda due to the commercially sensitive nature of the information) give details of the valuations obtained and the anticipated capital receipts.

Location	Description
Site 1. Land rear of Plumtree Close, Dagenham	<ul style="list-style-type: none"> • Small landlocked site
Site 2. Rose Redding Hall, 163 Bennetts Castle Lane, Dagenham	<ul style="list-style-type: none"> • Industrial type building fitted out for community purposes and currently let on long lease expiring in 2016
Site 3. Land Adjacent to Thames View Health Centre, Bastable Ave, Barking	<ul style="list-style-type: none"> • A 272m² cleared site currently forming part of a larger site owned by the NHS subject to a pre-emption agreement for LBBB to acquire • Option to acquire was exercised in October 2014 under delegated authority
Site 4. Land Adjacent to Ship and Anchor Public House, Wood Land, Dagenham	<ul style="list-style-type: none"> • Two parcels of land adjacent to the former Ship & Anchor Public House

Site 5. 64-68 Church St, Dagenham	<ul style="list-style-type: none"> • Terrace of 3 tertiary shops (1 let) in very poor condition and adjacent to vacant site to be developed by Estuary Housing
Site 6. 1 & 2 The Triangle, Tanner Street, Barking	<ul style="list-style-type: none"> • Two small tertiary shop units, both let
Site 7. Hooks Hall Farm, The Chase, Eastbrook End, Dagenham	<ul style="list-style-type: none"> • Freehold riding stables, house grazing land totalling 6.84 hectares let until March 2018
Site 8. 90 Stour Road, Dagenham.	<ul style="list-style-type: none"> • Former corporate office and storage facility not required for potential estate regeneration proposals
Site 9. Strip of land Siviter Way, Dagenham	<ul style="list-style-type: none"> • 0.16 hectares adjacent to existing housing between St Giles Ave and Church Lane
Site 10. Land Adjacent to Marks Gate Cemetery, Bagleys Spring, Chadwell Heath	<ul style="list-style-type: none"> • 0.94 hectare site to rear of Bagley Springs currently used for grazing
Site 11. Land off Bridport Ave, Romford	<ul style="list-style-type: none"> • 3.27 hectare site in the London Borough of Havering (LBH) adjacent to school and existing residential. Within the Greenbelt.
Site 12. Green space at Althorne Way	<ul style="list-style-type: none"> • 0.1 hectare site south of Althorne Way currently used as green space

2.2 In addition to the above disposals, two previous Cabinet decisions have been reviewed as listed below:

2.3 **Fanshawe Community Centre and adjacent land**

By Minute 90 (21 January 2014), the Cabinet agreed to the disposal of the site for redevelopment. A savings proposal to either close or transfer the management of the three remaining community centres (Fanshawe, Galleon and Scrattons) into community management arrangements was considered by the Safer and Stronger Community Select Committee on 26 November 2014. The SSCSC supported the option of transferring the management of the centres to existing community groups via long leases and this proposal was adopted by the Cabinet on 16 December 2014. In view of that decision, Officers are currently reviewing the redevelopment options of the land adjacent to the Fanshawe community centre.

2.4 **145 Halbutt Street**

This property is a former school caretakers house which had been deemed surplus to requirements but Cabinet agreed by Minute 89 (21 January 2014) not to market the property for sale at that time and asked officers to review all the options and report further. Children's Services has subsequently decided to retain the property following the need for caretaker accommodation at another educational facility.

Children's services will fund the capital refurbishments cost which will enhance the schools estate.

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 This options appraisal framework has been developed in line with the Council's developing Corporate Asset Management strategy.

Option 1	Do nothing	<ul style="list-style-type: none"> This is the default 'do minimum' option which sets the baseline against which each site evaluation is measured To be proposed for disposal the proposals must provide greater financial and, where appropriate, social and economic return to the Council than retention and redevelopment
Option 2	Retention for use by a Service within the Council	<ul style="list-style-type: none"> Sites considered surplus will be evaluated for use by Services within the Council and other public and third sector organisations where appropriate
Option 3	Retention for redevelopment by the Council for use by a Service or for investment purposes	<ul style="list-style-type: none"> Where a site is not required by the Council or an appropriate partner the site will be considered for redevelopment when this makes financial sense and contributes to achieving long-term financial sustainability of the Council
Option 4	Negotiated disposal adjoining land owners if appropriate and likely to yield a greater return to the Council	<ul style="list-style-type: none"> Where a surplus site is not required by the Council for its own use or for development the site will be evaluated for disposal to an adjacent owner where this is considered to offer the Council a higher return than disposal on the open market
Option 5	Disposal on open market	<ul style="list-style-type: none"> Where a site is not required by the Council for its own use or redevelopment the site will be evaluated for disposal on the open market Where appropriate such sales will be on a Leasehold basis and will be offered for sale subject to an overage provision to ensure the Council benefits from any enhanced value in the event of site is redeveloped for residential use or developed to a higher density than anticipated. All disposals are subject to a 3% transaction fee

4. Financial Implications

Implications to be completed by: Carl Tomlinson, Group Manager

- 4.1 Disposal of the 12 sites set out in table 2.1.1 is expected to generate capital receipts within the next two financial years between £5.675m and £5.705m.
- 4.2 Site 8 and site 12 do not have estimated values as yet and these receipts will need to be added to the figures above.
- 4.3 Only Site 1 and 2 have accurate capital receipt figures, all other sites have estimated figures or are subject to terms relating to valuation and disposal. Hence, there may be a slight variation from the figures estimated in the table above.
- 4.4 All figures are based on the current market value and the local property market is constantly changing, so the valuations can either increase or decrease depending on the actual time of disposal over the next two years.
- 4.5 The capital receipts will be used to fund other capital schemes within the Council and will reduce the amount of borrowing the Council will have to undertake to fund pre-approved schemes. There will also be potential revenue savings due to no longer maintaining these sites, although these are not covered in this report.

5. Legal Implications

Implications completed by: Jason Ofosu, Property Solicitor

- 5.1 The report is seeking approval for the disposal of several properties. The Council is required to obtain best consideration in the disposal of its assets. The Council has the power to enter into the proposed sale of the properties but must do so in compliance with law and the Council's acquisition and land disposal rules.
- 5.2 The Council's disposal powers are contained in section 123 of the Local Government Act 1972, and Section 1 of the Localism Act 2011 also provides local authorities with a general power of competence. Under section 123 of the Local Government Act 1972 the Council has the power to dispose of land in any manner that they wish 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. An independent valuation has been carried out and the disposal is at market value.
- 5.3 If appropriate the Council can dispose of land by private treaty to adjoining landowners as a special purchaser but must take into account part D of the Land Acquisitions and Disposal Rules paragraph 6.4. That paragraph stipulates that the progress of the negotiations with the third party will need to be recorded in writing and documented by Property Services on their disposal file. The Council can also sell the Property to whoever offers the highest price to adjoining owners.
- 5.4 Alternatively, the Council can dispose of properties at open market and an overage provision should be included in the sale to ensure that the Council financially benefit in any increase in the value of the land after planning permission has been granted to the buyer.

6. Other Implications

- 6.1 **Risk Management** - A vacant site is vulnerable to the risks of illegal occupation, vandalism and public liability claims. Sale of the site will help to reduce this risk and transfer liability for the site to another owner.
- 6.2 **Contractual Issues** - The proposed transactions are a sale of the Council's freehold interest in a property where appropriate. Legal Services will be instructed to prepare the contract for sale.
- 6.3 **Safeguarding Children** - Residential developments could increase the child population, and will have an impact on school places and health resources.
- 6.4 **Health Issues** – Sites which are vacant and overgrown could become a haven for vermin and fly tipping posing health risks to anybody entering the premises as well as the neighbouring residential development.
- 6.5 **Crime and Disorder Issues** - A vacant site is vulnerable to illegal occupation.
- 6.6 **Property / Asset Issues** - Retaining ownership of vacant property encumbers the Council with ongoing costs of maintenance and insurance.

Where appropriate, and in accordance with delivering the corporate objectives and Corporate Asset Management Strategy objectives, disposal or redevelopment of property assets is considered to make best use of Council assets and achieve value for money outcomes for the community.

- 6.7 **Planning Issues** – All options appraisals for the proposed disposals and redevelopment will be made accordance with the Council's Planning policies.
- 6.8 **Equality Issues** - The disposal of property identified as surplus to requirements has no specific equality issues but will generate capital receipts that could support other council initiatives.

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

List of appendices:

- **Appendix 1** – Site plans & aerial views of sites
- **Appendix 2** – Summary table of valuations (exempt information)
- **Appendix 3** – Site specific details & valuations (exempt information)