

CABINET

24 May 2016

Title: Council Sites - Land Disposals and Acquisitions	
Report of the Cabinet Member for Finance, Growth and Investment	
Open Report with Exempt Appendices 2, 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, Thames, Village and Whalebone	Key Decision: Yes
Report Author: Andy Bere, Asset Strategy Manager	Contact Details: Tel: 020 8227 3047 E-mail: Andy.bere@lbbd.gov.uk
Accountable Director: Jonathan Bunt, Strategic Director of Finance and Investment	
Summary: By Minute 90 of its meeting on 27 January 2015, Cabinet agreed to the disposal of 12 land sites, with an estimated capital receipt of £5.7m. Many of these disposals have now been completed. This report seeks approval to the following matters: <ul style="list-style-type: none">• 64 - 68 Church Street: approval to an alternative disposal route to that agreed in January 2015, by making an offer to acquire the adjoining site and redeveloping the larger site for regeneration purposes (subject to a formal valuation);• Former Ship and Anchor Public House site: approval to proceed with the preferred bidder; and• Barking Riverside Gateway Housing Zone: acquisition of an opportunity site as part of the wider land assembly proposals for the area.	
Recommendation(s) The Cabinet is recommended to: <ul style="list-style-type: none">(i) Approve the alternative disposal route in respect of the Council's freehold interest in 64 - 68 Church Street, Dagenham by making an offer to acquire the adjoining site (subject to a formal valuation), as outlined in this report;(ii) Approve the disposal of the Ship and Anchor site to the preferred bidder as outlined in the report;(iii) Approve the acquisition of an industrial site within the Barking Riverside Gateway Housing Zone that will contribute to the wider regeneration of the Riverside area as set out in the report;	

- (iv) Delegate authority to the Strategic Director of Finance and Investment, in consultation with the Cabinet Member for Finance, Growth and Investment and the Director of Law and Governance, to negotiate terms and agree the contract documents to fully implement and effect the transactions of the above sites; and
- (v) Authorise the Director of Law and Governance, 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. Introduction and Background

- 1.1 At its meeting on 27 January 2015, Cabinet agreed to the disposal of 12 sites. Many of these disposals have now been completed.
- 1.2 Negotiations on the disposal of 64-68 Church Street Dagenham have led to an alternative disposal option being developed, different to that originally agreed by Cabinet in January 2015. Approval is therefore sought to amend the disposal option for 64-68 Church Street by making an offer to acquire the adjoining site from the current owner, as set out in this report and subject to a formal valuation.
- 1.3 This report provides an update on the joint disposal of the Ship and Anchor site, Becontree Heath following a marketing exercise agreed by Cabinet in January 2015.
- 1.4 The report also sets out proposals for the Council to acquire a 2.04 acre site within the Barking Riverside Gateway Housing Zone (that was agreed by Cabinet on 19 April 2016) that will contribute to the wider regeneration of the Riverside area.

2. Disposal of 64-68 Church Street, Dagenham

- 2.1 In January 2015, Cabinet gave approval for the Council's interest in 64-68 Church Street to be disposed to the adjoining owner and due to be developed with Estuary Housing Association. The disposal included negotiations with a third party with an interest in an adjoining vacant piece of land. The Council's interest comprises a terrace of three tertiary shops (1 let) in a poor condition.
- 2.2 Negotiations have since been unable to conclude a satisfactory arrangement that meets the original approval given by Cabinet and as a consequence, Cabinet are asked to consider an alternative route where the Council would make an offer to acquire the adjoining vacant land site, combine it with the shops owned by the Council and redevelop the larger site for regeneration purposes (subject to a formal valuation).

3. Joint disposal of the former Ship and Anchor Public House, Becontree Heath, Dagenham

- 3.1 Cabinet gave approval in January 2015 for the joint marketing of land adjacent to the Ship and Anchor in Becontree Heath and adjacent land parcels owned by the Council to facilitate the regeneration of the entire site.
- 3.2 The proposed joint venture with the adjoining land owner meant that the combined land interest in both sites would provide a greater opportunity to deliver an integrated, larger scheme. Consequently, the site was marketed in accordance with the Planning Brief for the site.
- 3.3 Five offers were subsequently received and evaluated and are set out in Appendix 2, which is in the exempt section of the agenda as it contains commercially confidential information and the public interest in maintaining the exemption outweighs the public interest in disclosing the information. Approval to agree final terms and negotiate the contract documentation to fully implement and effect the sale of the site is suggested to be delegated to the Strategic Director of Finance and Investment, in consultation with the Cabinet Member for Finance, Growth and Investment and the Director of Law and Governance.
- 3.4 Cabinet is therefore requested to approve the progress made with this joint disposal and to negotiations with the highest bidder on the sale of the site based on the percentage split of the land ownership.

4. Proposed Land Acquisition – Barking Riverside Gateway Housing Zone

- 4.1 A report to Cabinet on 19 April 2016 outlined the Barking Riverside Gateway Housing Zone proposals and the significant plans to regenerate the Thames Road area with £30m grant funding for a phased development of around 3,000 homes. The Housing Zones are a significant tool for speeding up the delivery of new homes.
- 4.2 An opportunity to acquire the long leasehold interest of an industrial unit within the Barking Riverside Gateway Housing Zone has recently presented itself, with the Head Lessee requiring expressions of interest to have been received in April 2016.
- 4.3 Acquiring this site would begin the important land assembly required to deliver the Housing Zone and the site itself, represents one of the Gateway plots to the overall development. Given the timetable for offers set by the Head Lessee, the Council expressed an interest in pursuing the acquisition of the site in accordance with the Council's Land Acquisition processes.
- 4.4 Following further investigations into the site and a site valuation, some initial negotiations with the Head Lessee have taken place and the details of the site are contained within Appendix 4 of this report, which is in the exempt section of the agenda as it contains commercially confidential information and the public interest in maintaining the exemption outweighs the public interest in disclosing the information.
- 4.5 Cabinet are therefore asked to approve the acquisition of the site pending the successful negotiations with the Head Lessee as set out in Appendix 4.

- 4.6 Plans to minimise the holding costs of this site have been drafted and a review of the existing under lease arrangements undertaken to ensure the Council seeks to maintain a market income from the site whilst plans for its regeneration are undertaken. A plan of the site is included at Appendix 3 for information.
- 4.7 A future report will be brought to Cabinet setting out the business case for the proposed future development of this site and this will also provide details of the planned residential property types and tenure mixes.

5. Options Appraisal

- 5.1 A table summarising the standard options appraisal assessment framework that has been used to assess each site is set out at Appendix 1.
- 5.2 This options appraisal framework has been developed in line with the Council's developing Corporate Asset Management strategy.

6. Financial Implications

Implications completed by: Richard Tyler, Acting Finance Group Manager

- 6.1 There are three specific proposals set out in this report; the financial implications for each are set out below.
- 6.2 **64 - 68 Church Street Dagenham** - It is now proposed for the Council to acquire the land adjacent to these properties and then examine the future development options for the whole site. If this course of action was to be pursued, a further report will be brought to Cabinet setting out the business case for the proposed new development.
- 6.3 **The Former Ship and Anchor Public House** - This site includes a parcel of land owned by the Council together with the site of the former public house which is in private ownership. The proposed course of action is for the whole site to be jointly marketed and sold to a private developer. The Council's proportion of the marketing costs can be met from existing budgets. Once the site is sold, the Council would then receive an appropriate proportion of the capital receipt based on the area of the Council's land interest.
- 6.4 **Barking Riverside Site Acquisition** – The financial implications associated with this site are set out in Appendix 4 in the exempt part of the agenda.

7. Legal Implications

Implications completed by: Evonne Obasuyi, Senior Lawyer

- 7.1 The Council's disposal powers are pursuant to section 123 of the Local Government Act 1972 which enables local authorities to dispose land held in any manner it wishes provided it secures best consideration reasonably obtainable otherwise the consent of the Secretary of State will be required. Formal valuation of the sites should be obtained to ensure the transactions are carried out in compliance with legislation and Council's acquisition and land disposal rules.

8. Other Implications

- 8.1 **Risk Management** - Vacant sites are vulnerable to the risks of illegal occupation, vandalism and public liability claims. The sale of sites therefore helps to reduce this risk and transfer liability for the site to another owner.
- 8.2 **Contractual Issues** - The proposed transactions including the sale of the Council's freehold interest in a property where appropriate will include contractual documentation and the Legal Services Team will be instructed to prepare the appropriate legal documents to ensure compliance with the Council's Contract Rules.
- 8.3 **Safeguarding Children** - The development of sites for family housing will improve conditions for those families in housing need who are housed in them. Residential developments could increase the child population and could have an impact on school places and health resources.
- 8.4 **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 any neighbouring developments.
- 8.5 **Crime and Disorder Issues** - A vacant site is vulnerable to illegal occupation.
- 8.6 **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.

- 8.7 **Planning Issues** - All options appraisals for the proposed disposals and redevelopment will be made accordance with the Council's Planning policies.
- 8.8 **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** - Options Appraisal Process
- **Appendix 2** - Marketing results for the Ship and Anchor (Exempt document)
- **Appendix 3** - Site plan of proposed acquisition within the Barking Riverside Gateway Housing Zone (Exempt document)
- **Appendix 4** - Details of the proposed acquisition within the Barking Riverside Gateway Housing Zone (Exempt document)