

CABINET

23 January 2018

Title: Purchase of Transport House, 46-48 New Road, Dagenham	
Report of the Cabinet Member for Finance, Growth and Investment and Cabinet Member for Economic and Social Development	
Open Report with Exempt Appendix 3 (relevant legislation: paragraph 3 of Part I of Schedule 12A of the Local Government Act 1972 as amended)	For Decision
Wards Affected: River	Key Decision: Yes
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Accountable Strategic Director: Claire Symonds, Chief Operating Officer	
Summary The area around Chequers Corner/former Ford Stamping Plant is a key regeneration focus within the Borough. The demolition of the former Stamping Plant is well advanced and development proposals are under discussion. The opportunity has arisen for the Council to purchase Transport House – a four-storey 1970s office block - which lies on the prominent New Road frontage between the Premier Inn and the former Dagenham Motors site, which is now a vacant site owned by the Greater London Authority. Transport House is owned by Unite the Union who are looking at alternative premises in Dagenham and wish to sell their freehold ownership of the site. Council ownership of this site would give the Council and Be First a greater stake in the regeneration of the area ensuring this site becomes part of the development proposals including possibly unlocking potential for new school provision. Be First commissioned an independent valuation of the property and has reached heads of terms with Unite the Union. The proposed terms are set out at Appendix 3, which is in the exempt section of the agenda under the provisions of paragraph 3 of Part 1 of Schedule 12A of the Local Government Act 1972 (as amended). A short-term leaseback arrangement for a few months is proposed while redevelopment proposals are discussed and a demolition contract is secured.	
Recommendation(s) The Cabinet is recommended to: (i) Authorise the Chief Operating Officer, in consultation with the Director of Law and Governance and the Cabinet Members for Finance, Growth and Investment and Economic and Social Development, to enter into all necessary agreements to	

complete the freehold purchase of the Transport House site, as identified in Appendix 1 to the report, on the terms set out in the report and Appendix 3 to the report; and

- (ii) Delegate authority to the Investment Panel, following consultation with the Cabinet Members for Finance, Growth and Investment and Economic and Social Development, to approve the future disposal of the site in line with the Council's Investment Strategy objectives.

Reason(s)

The purchase of the site would support the priorities of "Growing the borough" and "Encouraging civic pride" as the redevelopment of this area is long overdue and would deliver homes, employment space and community facilities and transform the area's appearance.

1. Introduction and Background

- 1.1 Transport House, 46-48 New Road, Dagenham, RM9 6YS is a four-storey office block built in the 1970s which is the only remaining element of a terrace of properties that stretched from Chequers Corner to Kent Avenue on New Road. The building is 13,927 sq ft on a 0.124 hectare (0.307 acre) site as shown in appendix 1. The building consists of a reinforced concrete frame with cavity brick infilling and flat roof. There are approximately 15 parking spaces. The site is owned and occupied by Unite the Union who are exploring alternative premises in Dagenham that better serve their needs and therefore wish to sell the site.

2. Proposal and Issues

- 2.1 The Council has been given the opportunity to purchase the site. Be First commissioned an independent valuation by Glenny and subsequently negotiated a price with Unite. The valuation figure and agreed price are set out in Private and Confidential appendix 3.
- 2.2 To facilitate the smooth relocation of the existing occupiers (and reduce holding costs for the Council) a sale and leaseback arrangement until Unite's alternative premises are available – this would be for no more than a few months. Once Unite had left the building it would be demolished to remove holding costs such as business rates and to encourage redevelopment.
- 2.3 Appendix 2 shows the site location within its broader regeneration context which provides the rationale for purchase. The former Ford Stamping Plant is one of the Borough's largest developments sites - demolition is under way and discussions are taking place with the owners regarding a development of over 2,500 homes with associated facilities and an East London Heritage museum. To the east of Transport House lies the former Dagenham Motors site which is now owned by the Greater London Authority. Education Services have been working with the GLA to sell this site to the Education, Skills Funding Agency (ESFA) for the SEMH school (Special). These negotiations are now underway however part of the deal will include a mixed- use development. The Transport House site will most certainly

provide better options if the two are considered in parallel in terms of access and a more cohesive design overall.

- 2.4 Having ownership of the Transport House site will enable the Council/Be First to have a significantly greater opportunity to unlock the area's potential and ensure a comprehensive scheme which full addresses the New Road frontage and makes a financial return - both in terms of future land disposal (contributing towards £10m MTFS contribution) but more significantly in terms of unlocking greater growth potential. Whilst only a small site, as shown in Appendix 2 it has strategic importance.

3. Options Appraisal

- 3.1 In relation to the recommendation to purchase the site there are only two options – to purchase or not. Not purchasing the site would lose the opportunity to have a land stake in the area and potentially result in the site not forming part of the wider regeneration plans. There are various options for how the site is used moving forward but these would be subject to negotiation with adjacent landowners and other parties.

4. Consultation

- 4.1 Given the need to move quickly, there has been limited consultation outside of the Council. Consultation would take place with a wide range of stakeholders as development proposals move forward.
- 4.2 The matter was discussed at the Property Advisory Group and the proposals in this report have been endorsed by the Be First Board and the Council's Investment Panel.

5. Financial Implications

- 5.1 The financial information is set out at Appendix 3, which is in the exempt section of the agenda as it contains the commercially confidential terms of the proposed purchase of the site (relevant legislation - paragraph 3 of Part 1 of Schedule 12A of the Local Government Act 1972 (as amended)) and the public interest in maintaining the exemption outweighs the public interest in disclosing the information.

6. Legal Implications

Implications completed by: Ann Towndrow | Property Lawyer | Law & Governance

- 6.1 The Council intends to acquire the freehold interest in the Transport House, 46-52 New Road, Dagenham. In accordance with section 120 Local Government Act 1972, a principal council may acquire by agreement any land, whether situated inside or outside their area for the purpose of any of their functions under this or any other enactment for the benefit, improvement or development of their area. A principal council may acquire by agreement any land for any purpose for which they are authorised by this or any other enactment to acquire land notwithstanding that the land is not immediately required for that purpose and, until it is required for the purpose for which it was acquired, any land acquired may be used for the purpose

of any of the council's functions. The general power of competence under section 1 of the Localism Act 2011 provides the Council with the power to do anything that individuals generally may do.

- 6.2 Section 111 of the Local Government Act 1972 enables the Council to do anything which is calculated to facilitate, or is conducive to or incidental to the discharge or any of its functions, whether or not involving expenditure, borrowing, or lending money, or the acquisition or disposal of any rights or property.
- 6.3 The Council's Constitution, Part 4, Chapter 4 sets out the Land Acquisition and Disposal Rules. In accordance with paragraph 2.1, all strategic decisions about the use, acquisition and disposal of land and property assets is within the remit of the Cabinet. Formulation of strategic decisions is overseen by the Property Advisory Group (PAG) and the Cabinet.

7. Other Implications

- 7.1 **Risk Management** - The critical risk of the right purchase price has been mitigated by commissioning an independent valuation and securing a purchase price within this. Detailed structural and other surveys are not proposed given the redevelopment proposals.
- 7.2 **Contractual Issues** – These are addressed in the Legal Implications section.
- 7.3 **Staffing Issues** – Site purchase and redevelopment proposals are within Be First's remit.
- 7.4 **Corporate Policy and Customer Impact** - No issues relating to the specific recommendations.
- 7.5 **Safeguarding Children** – No issues relating to the specific recommendations. Future development proposals would address safeguarding through the planning process.
- 7.6 **Health Issues** - No issues relating to the specific recommendations. Future development proposals would address health issues through the planning process.
- 7.7 **Crime and Disorder Issues** - No issues relating to the specific recommendations. Future development proposals would address health issues through the planning process.
- 7.8 **Property / Asset Issues** – The purchase would form part of the Council's Asset register but with a view to medium-term redevelopment rather than holding as an office block.

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

List of appendices:

- **Appendix 1:** Red line plan of site
- **Appendix 2:** Aerial plan giving wider regeneration context
- **Appendix 3:** Financial Issues (exempt information)