

CABINET

20 March 2018

Title: Sale of Land at New Enterprise House, 149 - 151 High Road, Chadwell Heath	
Report of the Cabinet Member for Finance, Growth and Investment	
Open Report with Exempt Appendix 2 (relevant legislation: paragraph 3 of Part I of Schedule 12A of the Local Government Act 1972 as amended)	For Decision
Wards Affected: Chadwell Heath	Key Decision: No
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Accountable Director: Robert Overall, My Place	
Accountable Strategic Director: Claire Symonds, Chief Operating Officer	
Summary <p>The Council owns the freehold interest in approx. 960m² of land to the south and west of New Enterprise House, 149-151 High Road, Chadwell Heath. The site is currently used for landscaping with a number of low rise planters, representing a long-term maintenance liability to the Council.</p> <p>The adjoining property, an 8-storey office block dating from the 1960's, is under conversion into over 80 one and two bed residential units. The proposed ground floor units in the scheme take access over Council land and the developer is seeking to acquire LBBD's freehold interest to allow the units to be sold.</p> <p>Independent valuation advice has been received which takes into consideration the developer's 'special purchaser' status and proposed terms have been agreed. The sale will also relinquish the Council's on-going responsibility for the maintenance and upkeep of the site.</p>	
Recommendation(s) <p>The Cabinet is recommended to:</p> <ul style="list-style-type: none">(i) Approve the disposal of land at New Enterprise House, 149-151 High Road, Chadwell Heath as shown edged red on the plan at Appendix 1 to the report, on the terms set out in Appendix 2 to the report; and(ii) Authorise the Chief Operating Officer, in consultation with the Cabinet Member for Finance, Growth and Investment and the Director of Law and Governance, to enter into all necessary agreements to facilitate the sale of the land to the owner of New Enterprise House.	

Reason(s)

To release non-strategic land at best value to a special purchaser and the removal of a long-term maintenance liability for the Council.

1. Introduction and Background

- 1.1 The Council own the freehold interest in approx. 960m² of land to the south and west of New Enterprise House, 149-151 High Road Chadwell Heath. The site is currently used for landscaping with a number of low rise planters. They present a long-term maintenance liability to the Council.
- 1.2 New Enterprise House is an 8-storey office block dating from the 1960's. It was acquired a number of years ago for redevelopment into over 80 one and two bed residential units. Part of the conversion required planning consent for which approval was secured in 2016. The conversion is now complete, and occupiers are taking possession.
- 1.3 On the ground floor of the conversion 5 residential units have been created, four of which have direct access to street level over land owned by the Council. These units also have outside patios, again on land owned by LBBD.
- 1.4 Following the identification of the ownership issues, the Council commenced legal proceeding to prevent the trespass. The sale of these units has since stalled and the developer is seeking to reach agreement to acquire the land.

2. Proposal and Issues

- 2.1 Terms have been agreed to dispose of the Council's land to the developer as set out in Appendix 2. 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).
- 2.2 Independent valuation advice has been received which takes into consideration the developer's 'special purchaser' status.
- 2.3 The sale of the land will relinquish the Council's on-going responsibility for the maintenance and upkeep of the site.

3. Options Appraisal

- 3.1 Should the disposal not proceed to a special purchaser, the Council will retain a long term maintained liability.
- 3.2 In isolation, the site has limited value to the Council.

4. Consultation

- 4.1 The disposal has been discussed by the Property Advisory Group and with relevant Cabinet Members. The sale of the land is supported as it has limited or no strategic purpose and will remove an on-going financial maintenance liability to the Council.

5. Financial Implications

- 5.1 The terms of the proposed sale are contained in Appendix 2. 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).

6. Legal Implications

Implications completed by: Erol Islek, Senior Property Solicitor

- 6.1 The report is seeking approval for the disposal of the property. 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 property but must do so in compliance with law and the Council's acquisition and land disposal rules.
- 6.2 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.
- 6.3 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 wellbeing. An independent valuation should be carried out to ensure the disposal is at market value. This condition is fulfilled as there is an independent valuation carried out by Chartered Surveyors.
- 6.4 Therefore, the Council is at liberty to proceed with the proposed disposal. The Legal Practice should also be consulted for the preparation and completion of the necessary legal documentation.

7. Other Implications

- 7.1 **Risk Management** - Vacant sites are vulnerable to the risks of illegal occupation, vandalism and public liability claims. The sale alleviates this burden on the site.
- 7.2 **Contractual Issues** - The proposed transactions will be subject to the due diligence and documentation by the Legal Services Team to ensure compliance with the Council's Contract Rules.
- 7.3 **Crime and Disorder Issues** - A vacant site is vulnerable to illegal occupation. Selling the site will help prevent antisocial activity occurring on the land.

7.4 **Property / Asset Issues** – Disposal of the site to a special purchaser will generate an enhance receipt for land with is otherwise a liability to the Council.

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

List of appendices:

- **Appendix 1** - Site Plan
- **Appendix 2** – Financial Implications (Exempt document)