

CABINET

14 December 2021

Title: Disposal of Land - Wedderburn Road, Barking	
Report of the Cabinet Member for Finance, Performance and Core Services and Cabinet Member for Regeneration and Economic Development	
Open Report with Exempt Appendix 2 (relevant legislation: paragraph 3 of Part I of Schedule 12A of the Local Government Act 1972)	For Decision
Ward Affected: Eastbury	Key Decision: No
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Accountable Strategic Leadership Director: Lisa Keating, Strategic Director of My Place	
Summary <p>This report sets out a proposal for the sale of Council-owned land at Wedderburn Road, Barking, which is deemed surplus to requirements, to facilitate a private development of 12 x flats at the location.</p> <p>The area of Council-owned land is 311 sqm, situated on the north side of Wedderburn Road between its junction with Cranborne Road to the west and St Awdry's Road to the east. The land is almost rectangular in shape, which is laid to grass and trees, and the frontage to Wedderburn Road is approximately 170 ft with a smaller frontage of around 50 ft to St Awdry's Road. Site plans and photographs are at Appendix 1 to the report.</p> <p>Broom Consultants Limited, who own the adjoining site at 2A Cranborne Road which is currently used as a car wash, first approached the Council in 2018 regarding the potential sale and its plans to redevelop the site for housing. An independent valuation was commissioned and draft Heads of Terms agreed, subject to the receipt of planning approval. Broom Consultants subsequently received planning approval for the development (20/01570/FULL, Planning Committee 21 December 2020) and Cabinet approval is now sought for the sale of the Council-owned land, in accordance with the Council's Land Acquisition and Disposal Rules (Part 4, Chapter 4 of the Constitution).</p>	
Recommendation(s) <p>The Cabinet is recommended to:</p> <ul style="list-style-type: none">(i) Approve the sale of the Council-owned land at Wedderburn Road, Barking, as shown edged red in the site plan at Appendix 1b to the report, to Broom Consultants Ltd on the terms set out in Appendix 2 to the report;(ii) Delegate authority to the Strategic Director, My Place, in consultation with the Strategic Director, Law and Governance and the Cabinet Member for Finance, Performance and	

Core Services, to agree the final terms and contract documentation to fully implement the sale of the site; and

- (iii) Authorise the Strategic Director of Law and Governance, or an authorised delegate on her behalf, to execute all the legal agreements, contracts, and other documents on behalf of the Council.

Reason(s)

To assist the Council in meeting its priorities of 'Inclusive Growth' and 'Well Run Organisation' through the provision of new housing in the Borough and the generation of a capital receipt for the Council from the sale of land that is surplus to requirements.

1. Introduction and Background

- 1.1 In 2018, Broom Consultants Ltd contacted the Council seeking to purchase an area of land measuring 311 sq.m situated on the north side of Wedderburn Road, between its junction with Cranborne Road to the west and St Awdry's Road to the east. The Council-owned land is laid to grass and trees, as can be seen in the plans and photos at Appendix 1, and is deemed to be surplus to the Council's requirements.
- 1.2 Broom Consultants own 2a Cranborne Road, which is adjacent to the Council's land, and wish to merge the two sites and develop of a three-storey block of 12 residential units (use class C3) with associated landscaping and car parking. 2a Cranborne Road is currently used as a car wash.

2. Proposals

- 2.1 The proposed development should have no discernible negative impact upon the surrounding area and neighbouring properties, particularly when compared with the current use of the adjoining site as a car wash, and it is considered that the development of 12 residential dwellings (7 x 1-bedroom units; 3 x 2-bedroom units; 2 x 3-bedroom units) in this location would be more commensurate to local residential composition within the immediate surroundings. The proposal would result in the loss of some open space; however that would be mitigated by plans to sustain the improvement of local highways green space within a 1.5km radius of the site.
- 2.2 The Council-owned land was originally valued in 2018 and again in 2021, in line with RICS (Royal Institution of Chartered Surveyors) guidelines, and took account of the value of the land when combined with 2a Cranborne Road. The Wedderburn site value is less than the combined value with 2a Cranborne Road for development purposes. This combined value is commonly known as synergistic value and reflects the additional element of value created by the combination of two or more assets or interests where the combined value is more than the sum of the separate values.
- 2.3 Draft Heads of Terms were agreed between the Council and Broom Consultants in 2018, subject to the receipt of planning approval. The terms include a capital sum to be paid to the Council for the land and Broom Consultants meeting the Council's

legal costs and fees. Planning approval for the development was granted in December 2020 and conditions attached to that permission via a Section 106 Agreement include the company making financial contributions to the Council of £90,000 for offsite affordable housing (to be paid on the sale/occupation of the 9th unit at the development), £15,000 towards the improvement of local highways green space within a 1.5km radius of the site, funding 1 x on-street electric vehicle charging point and the development being car parking permit free.

- 2.4 The valuation details and terms of the proposed sale are set out at Appendix 2, which is in the exempt section of the agenda as it contains commercially confidential information (relevant legislation: paragraph 3 of Part I of Schedule 12A of the Local Government Act 1972) and the public interest in maintaining the exemption outweighs the public interest in disclosing the information.

3. Options appraisal

- 3.1 **Reject the sale** – this would severely effect the viability of the developer’s proposed scheme and result in either a reduced scheme (which would require a new planning application) or the abandonment of the project, thereby impacting on the development of much-needed residential accommodation in the Borough. Furthermore, the Council would not benefit from improvements to the locality or a capital receipt.

4. Consultation

- 4.1 The planning approval process for the proposed development involved consultation with local residents, ward councillors, Council service departments and other statutory consultees, such as the emergency services.
- 4.2 The Assets and Capital Board noted the importance of considering the ecological impact of disposals. To mitigate this, the plans have been further revised to exclude the area to the right of the development (see Appendix 1b and associated photos). The easternmost half of the initial site covered by the existing trees will, as a result, be retained by the Council.

5. Financial Implications

Completed by: Alison Gebbett, Capital Accountant

- 5.1 The proposed sale of land at Wedderburn Road represents the best financial outcome for the Council. The sale would generate a capital receipt which can be re-invested into services and would also avoid any future costs of holding the asset. In addition to the sale leading to a development of 12 new homes, the Council will also receive section 106 contributions towards affordable housing and highways green space from the development once planning permission is granted, which is subject to the sale going ahead.
- 5.2 This asset is held within the General Fund and as such, the capital receipt will be available to invest in the capital programme after the deduction of any costs of sale, which are capped at 4% as set out in the Local Authorities Capital Finance and Accounting Regulations 2003. Capital receipts are able to fund the Council’s Transformation programme under the Flexible Use of Capital Receipts direction.

6. Legal Implications

Completed by: Jonathan Boyle, Regeneration Projects Lawyer

- 6.1 Section 1 of the Localism Act 2011 gives to the Council a general power of competence to do anything that an individual may do, subject to a number of limitations. Section 2(1) sets out that these limitations include that local authorities are still bound by such restrictions as applied to their powers before the commencement of the general power.
- 6.2 One of the pre-existing limitations is contained in section 123(1) of the Local Government Act 1972 which states that a local authority may only dispose of land without the consent of the Secretary of State if the land is disposed for a consideration not less than the best that can reasonably be obtained. The external valuations referred in Appendix 2 which support the proposed purchase price demonstrate that this requirement has been satisfied.
- 6.3 As the land to be disposed of is open space, by section 123(2A) of the Local Government Act 1972 the Council is required, before any disposal, to advertise its intention to dispose in a local newspaper for two consecutive weeks and consider any objections received. A notice to that effect was placed in the London Gazette on 28 July and 4 August 2021 and in the Barking and Dagenham Post on the same dates. No objections were received.
- 6.4 In addition, any decision on this proposed disposal should take account of the Council's overarching best value and fiduciary duties concerning the proper and prudent stewardship of Council assets.
- 6.5 In accordance with paragraphs 2.1 to 2.2 of the Council's Land Acquisition and Disposal Rules, 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.
- 6.6 Legal have subsequently advised that the land we sell to the purchaser will be registered in the purchaser's name when we sell to them, and they will require sufficient evidence of our ownership before the sale completes so that Land Registry can register it as such.

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

List of Appendices:

Appendix 1 - Site Plans and Photographs

Appendix 2 - Valuation Information (exempt appendix)