

## CABINET

19 September 2023

<b>Title:</b> Disposal of Council-owned Land at the Former Bull Inn Public House, Rainham Road South, Dagenham	
<b>Report of the Cabinet Member for Regeneration and Economic Development</b>	
<b>Open Report with Exempt Appendix 2</b> (relevant legislation: paragraph 3 of Part I of Schedule 12A of the Local Government Act 1972)	<b>For Decision</b>
<b>Wards Affected:</b> Village	<b>Key Decision:</b> No
<b>Report Author:</b> David Harley. Interim Development Director, Be First	<b>Contact Details:</b> E-mail: <a href="mailto:david.harley@befirst.london">david.harley@befirst.london</a>
<b>Accountable Director:</b> David Harley, Interim Development Director, Be First	
<b>Accountable Executive Team Director:</b> James Coulstock, Interim Strategic Director, Inclusive Growth	
<b>Summary</b> <p>The former Bull Inn on Rainham Road South has, since being closed as a Public House several years ago, become an eyesore in a prominent gateway site into the Borough. Hollybrook, a developer who has worked with the Council and Be First on a number of schemes, has purchased the main site and is looking to secure planning approval to bring forward a proposed redevelopment. There is a small piece of land shown in Appendix 1 which is owned by the Council. The land has formed part of the former pub garden and it is highly likely that an adverse possession claim could be made arguing that the site forms part of the former pub. The land is not a 'ransom strip' as Hollybrook could simply develop a scheme excluding this land however its transfer would create a better quality of development with stronger frontage to the prominent roundabout, whilst its exclusion would produce an odd anomaly and likely generate additional maintenance costs to the Council.</p> <p>An independent valuation has been carried out confirming the market value of the site and Hollybrook has agreed to pay the market value together with the Council/Be First's costs. The purchaser would be a specific entity for the scheme – Rainham Road South Limited.</p> <p>Selling the land for its market value is a means by which the Council can help facilitate new development and associated benefits which will transform an eyesore site, delivering new homes and raising a small capital receipt and associated Council Tax.</p>	
<b>Recommendation(s)</b>  The Cabinet is recommended to:	

- (i) Agree that the Council disposes of the area of land, as shown edged red in the plan at Appendix 1 to the report, to Rainham Road South Limited (a subsidiary of Hollybrook) on the terms set out in Appendix 2 to the report;
- (ii) Delegate authority to the Strategic Director, Inclusive Growth, in consultation with the Chief Legal Officer and the Cabinet Member for Regeneration and Economic Development, to agree the final terms and contract documentation to fully implement the sale of the site; and
- (iii) Authorise the Chief Legal Officer, or an authorised delegate on her behalf, to execute all the legal agreements, contracts, and other documents on behalf of the Council.

### **Reason(s)**

The sale of the land will help facilitate the delivery of The Bull Inn redevelopment delivering an improved environment on a prominent site and contribute towards delivering new homes. Transferring the land will support the Council's Local Plan requirement to deliver homes and progress regeneration of a key transformation area. It addresses the following key Council priorities:

- Residents benefit from inclusive growth and regeneration
- Residents live in, and play their part in creating, safer, cleaner and greener neighbourhoods.
- Residents live in good housing and avoid becoming homeless.

## **1. Introduction and Background**

- 1.1 The former Bull Inn public house site on the junction of Ballards Road and Rainham Road South is a prominent entrance gateway into the Borough, a few hundred metres from Dagenham East station and the site of Eastbrook Film Studios. Since its closure as a Public House around 2020, the site's appearance has steadily worsened and there have been issues of anti-social behaviour. It fails to present an attractive gateway into the Borough.
- 1.2 Be First have been approached by Hollybrook who purchased the site in 2022. They are a medium sized developer who developed the former Chequers Lane Job Centre Plus site which is now Reside's Kerwin House and they are currently constructing Transport House on New Road for LBBD/Be First. Hollybrook have purchased the former Bull Public House site and are submitting a planning application for its redevelopment for new homes. A public exhibition was held to gain residents views which have informed the development of the proposal.
- 1.3 A small (c 150 sqm) plot of land adjacent to Hollybrook's land holdings forms part of a wider Council land ownership. Whilst it is likely that an adverse possession claim could be made given there is photographic evidence of the land being part of the public house garden, Hollybrook would sooner the Council agreed to sell the land to facilitate a better-quality development.

## 2. Proposal and Issues

- 2.1 The proposed development on the Bull Inn Land strip is expected to accommodate around 72 homes with 35% affordable. Transferring the land will support the Council's Local Plan requirement to deliver homes and progress regeneration within a key transformation area. Be First's remit is to help facilitate and accelerate delivery of new homes and regeneration and the recommendation contributes towards this. Be First planning consultancy is working on the application for Hollybrook.
- 2.2 An independent valuation has been commissioned by Be First from local agent Glenny. The market value from the valuation is shown in 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. Hollybrook has agreed to pay this price as well as fund the cost of the valuation, the Council's legal fees and other costs associated with any transfer.

## 3. Options Appraisal

- 3.1 **Do Nothing** - Not providing a lease or sale to Hollybrook would either result in them pursuing an adverse possession claim and potentially securing the site for nothing or them reconfiguring the scheme to exclude this small area of land resulting in a poorer quality frontage. The Council owned land previously was part of the pub garden, and the Council has not maintained it - if it were left outside the scheme there would be pressure for the land to be maintained. The land would not be large enough for an alternative use.
- 3.2 **Seek a premium over and above market value** - Given the size of the plot, the land has no alternative use and negligible value to the Council. It is not a ransom strip in the sense that without it Hollybrook could still develop the site – however without the land it would be a poorer quality development. A higher than market price proposal would mean Hollybrook would instead focus on adverse possession likely resulting in the Council having legal fees and not resulting in any land receipt.
- 3.3 **Market the Site** - The site could be marketed however given its small size it is extremely likely the only buyer would be Hollybrook and the Council would face additional costs for marketing alongside its own legal costs for the sale.
- 3.4 **Sell to Hollybrook for market value (proposed option)** - This option would help facilitate the development including generating additional Council tax and bring in a small capital receipt at no cost to the Council. Whilst the Council had not been maintaining the land, if it wasn't sold and the redevelopment occurred without the Council's land it is highly likely there would be a requirement to maintain the site adding to revenue costs.

## 4. Consultation

- 4.1 Hollybrook has carried out pre-application consultation on the proposals for the Bull Inn redevelopment including a public consultation exhibition held at the Old

Dagenham Methodist Church on Wednesday 12th October 2022. Consultation has been broadly positive; however there has been no separate public consultation regarding the land sale.

- 4.2 A Village Ward member has noted their opposition to redevelopment stating reasons including being too high, out of caricature [sic] for the area, an over development, no firm management of the blocks in the future regarding ASB, rubbish and fly tipping, cleaning, maintenance and general management as well as being too expensive for people on low wages to access. They are against selling any more land saying it has no benefit to those living in Village Ward or visiting the area.
- 4.3 The proposals in this report were considered and endorsed by the Assets and Capital Board on 9 August 2023.

## **5. Commissioning Implications**

Implications completed by: Rebecca Ellsmore, Strategic Head of Place and Development

- 5.1 Inclusive Growth are satisfied that in isolation this land cannot deliver any significant community benefit. The best option is therefore to allow disposal in order that it can be combined with adjacent land and brought forward for residential development, improving what is currently a derelict site, bringing in private sector investment and helping to increase the supply of homes in the borough.

## **6. Financial Implications**

Implications completed by: Alison Gebbett, Capital Accountant

- 6.1 This report proposes to sell a small patch of unused land to the developer of an adjacent site. The land currently has no alternative use as and is likely to be of little value to anyone other than the developer.
- 6.2 Going ahead with the proposed transfer will not only allow a better-quality development, it will ensure that there are no future maintenance cost burdens on the Council relating to the land and will generate a small capital receipt. Costs incurred in obtaining the valuation and legal costs will also be reimbursed to the Council under the proposed transfer.
- 6.3 Any receipt from the sale of land or property in excess of £10,000 is treated as a capital receipt under The Local Authorities (Capital Finance and Accounting) Regulations 2003. Capital receipts can be used to fund future capital expenditure or to reduce the Council's Capital Financing Requirement (CFR) borrowing liability.

## **7. Legal Implications**

Implications completed by: Ann Towndrow, Property Lawyer, Legal Services

- 7.1 Under s123 of the LGA a local authority may dispose of land subject to a duty to obtain the best consideration reasonably obtainable. An independent valuation has been obtained and Hollybrook will be paying the market price plus costs.

- 7.2 In addition, 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. 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.
- 7.3 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 with a value exceeding £5,000 are within the remit of the Cabinet.

## **8. Other Implications**

- 8.1 **Risk Management** – If the recommendation is followed, responsibility for the site would fall to the new owners.
- 8.2 **Crime and Disorder Issues** – The redevelopment of the site should remove the anti-social behaviour issues on the current vacant site.

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

### **List of appendices:**

- **Appendix 1:** The Bull Inn Land
- **Appendix 2:** Proposed sale terms (exempt document)