

## CABINET

25 June 2013

<b>Title:</b> Disposal of 89 Axe Street, Barking	
<b>Report of the Cabinet Member for Finance</b>	
<b>Open report, with an exempt appendix (Appendix 2)</b>	<b>For Decision</b>
<b>Wards Affected:</b> Abbey	<b>Key Decision:</b> Yes
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<b>Accountable Divisional Director:</b> Jonathan Bunt, Divisional Director - Finance	
<b>Accountable Director:</b> Graham Farrant, Chief Executive	
<b>Summary:</b>  By Minute 131 (16 April 2013), Cabinet agreed the following:  <ul style="list-style-type: none"><li>i. The disposal of 89 Axe Street, Barking, on the terms set out in the report;</li><li>ii. To authorise the Chief Executive, in consultation with the Head of Legal and Democratic Services, to negotiate terms for the disposal of the freehold interest in the property;</li><li>iii. That a further report be presented setting out the offers received in order for Cabinet to agree a successful purchaser of the property.</li></ul> This report presents details of the bids received and seeks Cabinet approval to the disposal of the site.	
<b>Recommendation(s)</b>  The Cabinet is recommended to:  <ul style="list-style-type: none"><li>(i) Approve the disposal of the site at 89 Axe Street, Barking, as shown hatched on the plan at Appendix 1, to Elim Trust Corporation on the terms set out in the report; and</li><li>(ii) Agree that the property be sold with the Council having the benefit of a restrictive covenant against future development of the site for a period of 10 years.</li></ul>	
<b>Reason(s)</b>  Cabinet have previously instructed for terms to be negotiated for the disposal of this property. This report is presented at Cabinet setting out offers received so that Cabinet can select a purchaser of the property.	

## **1. Introduction and Background**

- 1.1 The Council is the owner of 89 Axe Street, Barking IG11 7LZ, shown on the plan at **Appendix 1**, which until recently was occupied by staff from Parking Services.
- 1.2 Following a site visit with several Cabinet Members, it was expressed that the Council's freehold interest in the property should be disposed of and that Cabinet authorisation to do so should be sought.
- 1.3 At April Cabinet (Minute 131), it was agreed that the property should be disposed of, as detailed above. Property Services have since marketed the property, during which time all interested parties have had the opportunity to bid. The bids received are presented at **Appendix 2** - as this appendix contains commercially confidential information it is included in the exempt section of the agenda, under the provisions of paragraph 3 of Part I of Schedule 12A of the Local Government Act 1972.
- 1.4 Members have previously indicated that they may want to place a restrictive covenant upon the title, preventing a neighbouring land owner from combining the site with their existing property to deliver a larger development scheme that may be contrary to the preferences of the Council for this location.
- 1.5 The property was therefore marketed with bidders being made aware that, as part of the sale conditions, the Council will be placing a restrictive covenant against development of the site for a term of 10 years.

## **2. Proposal and Issues**

- 2.1 Cabinet are requested to select a purchaser from the bids set out in **Appendix 2t**.
- 2.2 Cabinet are requested to confirm whether the property is to be sold with LBBB having the benefit of a restrictive covenant against future development of the site, for a certain length of time (10 years).

## **3. Options Appraisal**

- 3.1 An assessment of the bids is shown at **Appendix 2**.
- 3.2 Cabinet can instruct for a restrictive covenant against future development to be made a condition of the sale as described in 2.2 above.

## **4. Consultation**

- 4.2 Full consultation has taken part in respect of the previous report before it was presented at Cabinet. Financial and Legal implications have been reviewed during the consultation of this follow-up report.

## **5. Financial Implications**

Implications completed by Martin Henwood, Deputy Chief Financial Officer

- 5.1 The property is no longer of use to the Council's General Fund on an operational basis and is set for disposal through this report.

- 5.2 Disposal of the property will create a capital receipt towards the current capital programme, and remove the current revenue costs. Additional capital receipts will enable the Council to reduce its level borrowing and related charges i.e. interest on borrowing.
- 5.3 Disposal costs, including the marketing strategy, will be included in the final business case options appraisal preceding an agreed sale. Disposal costs of up to 4% can be charged against the capital receipt.
- 5.4 The financial appraisal undertaken after bids were received has identified disposal to the bidder with the highest capital, Elim Trust Corporation, receipt establishes the best overall value for money for the Council / taxpayer, consistent with best consideration requirements.

## **6. Legal Implications**

Implications completed by Evonne Obasuyi, Senior Lawyer

- 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.
- 6.2 The Council has the power to enter into the proposed transaction but must do so in compliance with law and the Council's acquisition and land disposal rules.
- 6.3 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.
- 6.4 The Legal Practice should be consulted for advice as to how the land should be disposed of and assistance with the preparation and completion of the necessary legal agreements.

## **7. Other Implications**

- 7.1 **Contractual Issues** - The transaction is a disposal of property.
- 7.2 **Crime and Disorder Issues** - Vacant properties are considered vulnerable to vandalism and illegal occupation.
- 7.3 **Property / Asset Issues** - The Council has the option to dispose of the property by way of sale of the freehold, and the costs of ownership will cease on disposal.

## **Background Papers Used in the Preparation of the Report:**

Cabinet report of April 2013 - Disposal of 89 Axe Street

## **List of appendices:**

**Appendix 1** - Location Plan

**Appendix 2** - Summary of Bids Received (exempt information)