

**REQUEST FOR DMPC DECISION – DMPCD 2015-129****Title: Proposed Additional Disposals 2015/16****Executive Summary:**

In August 2015 DMPC approved the 2015/16 disposal schedule – DMPCD 2015 89. This report now seeks approval to dispose of 3 additional properties. These proposals will continue the delivery of revenue savings and the generation of capital receipts to meet the proposed 2015/16 and future years' budget, investment and savings targets. The 2015/16 capital receipt target is £196m.

In total the properties above are anticipated to generate capital receipts of £32.7m, and to save annual revenue costs of £1.7m.

**Recommendation:**

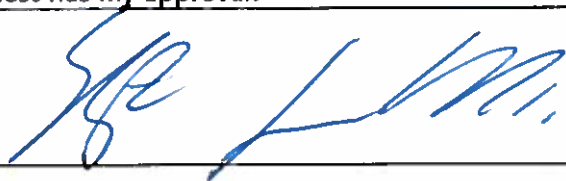
The DMPC is asked to approve the

1. 'in principle' disposal and marketing of 2 surplus properties (Pierson House and Ponton Road), subject to alternative provision for existing functions at these sites being in place prior to completion of the sale;
2. 'in principle' disposal and marketing of 1 surplus property (Douglas Webb Section House and Operational Facilities), subject to alternative provision for existing functions at this site being in place prior to completion of the sale and MOPAC approval of the final sale terms.

**Deputy Mayor for Policing and Crime**

I confirm I have considered whether or not I have any personal or prejudicial interest in this matter and take the proposed decision in compliance with the Code of Conduct for elected Members of the Authority. Any such interests are recorded below.

The above request has my approval.

**Signature****Date**

12/11/2015

## **PART I – NON-CONFIDENTIAL FACTS AND ADVICE TO THE DMPC**

### **Decision required – supporting report**

#### **1. Introduction and background**

- 1.1 The Police and Crime Plan includes the release of under-utilised assets as means to generate receipts to be invested back into frontline policing, in technology and to modernise the remaining estate.
- 1.2 Rationalisation of the estate is one of the key components of the Corporate Real Estate programme enabling MOPAC to maximise the use of accommodation and minimise estate costs. As part of this programme assets will be disposed of when they become surplus to requirements, generating capital receipts for the capital programme.
- 1.3 All operational properties that are surplus to operational requirements and those residential properties with a value in excess of £1 million, are marketed and sold in accordance with the established disposal procedures for private treaty sales. Sites are marketed for a minimum of four weeks, with advertisements placed in the national and local property press, and where possible a board placed on site. MOPAC seeks best bids, unconditional upon the receipt of planning permission.
- 1.4 In accordance with MOPAC Scheme of Delegation and Consent any sales with a value under £1 million may be completed by way of delegated powers and reported retrospectively via the appropriate Estates Update Paper at the earliest opportunity. Should a disposal with a value below £1 million have any unusual features or be of special interest, then MOPAC will have the opportunity to approve the final sale.
- 1.5 Any offers considered must reflect MOPAC's standard requirement for a five year forward sale claw-back clause. This is to enable MOPAC to benefit in any uplift in value in the event that the purchaser subsequently sells the property at a price in excess of that paid to MOPAC within an agreed period of time. Where appropriate, planning "overage", enabling MOPAC to share in the value of a larger than anticipated planning consent, is also put in place.

#### **2. Issues for consideration**

- 2.1 In accordance with the scheme of delegation and consent the Deputy Mayor for Policing and Crime (DMPC) is requested to approve the 'in principle' disposal and marketing of 3 properties as listed below, detailed in Appendix 1 and in Part 2 of this report, to contribute towards generating capital receipts for the capital programme.
- 2.2 The following surplus properties are now proposed to be sold

PROPERTY	BOROUGH
Pierson House, Eric St	Tower Hamlets
Ponton Rd, Nine Elms	Wandsworth
Douglas Webb Section House and Operational Facilities, Sipson Rd	Hillingdon

- 2.3 Other relevant information specific to sites is

- 2.3.1 Pierson House – the site is vacant and there are no public facing facilities.
- 2.3.2 Ponton Rd – there is no public access facilities at this site. The current functions sited here are part of a wider consolidation of MPS sites and are scheduled to be relocated.

- 2.3.3 Douglas Webb Section House and Operational Facilities – there is no public access facilities at this site. The operational facilities sited here are part of a wider consolidation of MPS sites and are scheduled to be relocated to Hendon.

### **3. Financial Comments**

- 3.1 The target for capital receipts for 2015/16 is £196m. The sites noted above are expected to generate capital receipts in excess of £32.7m which will contribute to the target receipts to help fund the 2015/16 and future years' capital programme.
- 3.2 The aggregated revenue costs of the maintenance and rates for the properties to be sold, based on 2013/14 costs, is £1.7m.

### **4. Legal Comments**

- 4.1 There are no direct legal implications arising from the recommendations contained within this report, which seeks approval for the sale of surplus properties and the early surrender of leases detailed above and in Part 2.
- 4.2 MOPAC has the power to dispose of surplus properties (including land) under paragraph 7 (2) (b) of Schedule 3 of the Police Reform and Social Responsibility Act 2011 ("the Act").
- 4.3 The Commissioner may also do anything which is calculated to facilitate, or is conducive or incidental to acquiring and disposing of property (apart from land) but only with the consent of MOPAC under paragraph 4 (2) (b) of Schedule 4 of the Act.
- 4.4 The report confirms that the disposals will generate capital receipts that will assist MOPAC in securing the maintenance of the MPS and ensure that it is efficient and effective.

### **5. Equality Comments**

- 5.1 In line with corporate real estate principles it is essential that those buildings provided for longer term use are fit for use, compliant and provide suitable accessibility. An identified Equality Impact Assessment for the CRE programme has been completed at a strategic level and screenings are undertaken on each property identified for disposal, looking at Equality & Diversity issues from both a community and MPS staff perspective.

### **6. Background/supporting papers**

MPS Briefing Paper Appendix 1

**Public access to information**

Information in this form is subject to the Freedom of Information Act 2000 (FOIA) and other legislation. Part 1 of this form will be made available on the MOPAC website within 1 working day of approval. Any facts/advice/recommendations that should not be made automatically available on request should not be included in Part 1 but instead on the separate Part 2 form. Deferment is only applicable where release before that date would compromise the implementation of the decision being approved.

Is the publication of **this** form to be deferred? NO

If yes, for what reason:

Until what date (if known):

Is there a **part 2** form – Yes

If yes, for what reason: section 43 commercial interest FoIA 2000

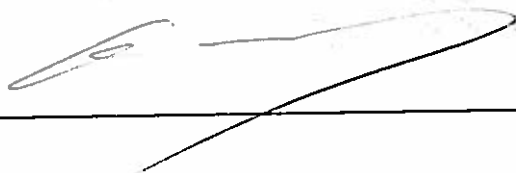
**ORIGINATING OFFICER DECLARATION:**

	<i>Tick to confirm statement (✓)</i>
<b>Head of Unit:</b> Annabel Cowell has reviewed the request and is satisfied it is correct and consistent with the MOPAC's plans and priorities.	✓
<b>Legal Advice:</b> The Legal team have been consulted on this proposal.	✓
<b>Financial Advice:</b> The Chief Finance Officer has been consulted on this proposal.	✓
<b>Equalities Advice:</b> Equality and Diversity issues are considered in the body of the report.	✓

**OFFICER APPROVAL****Chief Operating Officer**

I have been consulted about the proposal and confirm that financial, legal and equalities advice has been taken into account in the preparation of this report. I am satisfied that this is an appropriate request to be submitted to the Deputy Mayor for Policing and Crime.

**Signature**



**Date** 12/11/2015

# REQUEST FOR APPROVAL TO DISPOSE OF ADDITIONAL SURPLUS REAL ESTATE ASSETS - 2015 / 2016

**Report by Director Commercial and Finance  
on behalf of the Commissioner**

## Summary

As part of the Metropolitan Police Service/Mayor's Office for Policing And Crime (MPS / MOPAC) Corporate Real Estate (CRE) programme and in support of Met Change, this Report identifies those additional properties that have been identified as surplus to requirements by the MPS and seeks MOPAC approval to dispose of the freehold interest in these properties.

Once Deputy Mayor's approval is given the properties will be prepared for marketing. Marketing will not commence until alternative operational arrangements, if required, have been agreed and no sale will complete until alternative provision is in place. The capital receipts generated through the disposal of these properties will support the 2015/20 Capital Programme.

### **A. RECOMMENDATIONS - That the Deputy Mayor:-**

1. Approve the proposal to dispose of the three properties detailed in Exempt Appendix 2 and authorise commencement of the marketing campaign for each property;
2. Note that the properties listed are in addition to the disposals approved by the DMPC for disposal in 2015/16 ref. DMPCD 2015-089, and
3. Note that no sale will complete until alternative provision is in place.

### **B. SUPPORTING INFORMATION**

1. The MOPAC/MPS Estate Strategy 2013-2016 has a strategic objective of delivering a more efficient and higher quality estate which meets the operational needs of the MPS and is significantly lower in costs to run. Receipts generated through the disposal of surplus assets are reinvested to meet ongoing operational needs.
2. Three additional properties have been identified for disposal and are recommended in this report as detailed in **Exempt Appendix 2**. The valuation figures shown in Exempt Appendix 2 in regard to those properties are based on indicative Open Market valuations. All valuations must be treated as guide values only; all values are subject to prevailing market conditions. This paper seeks MOPAC approval to the marketing and sale of these sites.
3. No property will be marketed until alternative provision is identified and will be confirmed available at the time of disposal. This provides the benefit to MOPAC of minimising the period between the property being exited and the sale being completed. MOPAC's holding

costs of the vacant property will be minimised. A sale contract structured to complete only once alternative provision is in place and the property has been vacated may offer greater opportunity for a purchaser to seek a beneficial planning consent whilst the property remains occupied. This has the potential advantage to the purchaser of reducing its own holding costs for the property before planning consent is obtained. Any such savings would be reflected in the price the purchaser would be prepared to pay for the property.

4. Subject to approval to proceed with the disposal schedule, and in accordance with the MOPAC Scheme of Delegation and Consent, any sales with a value under £1 million may be completed by way of delegated powers and reported retrospectively at the earliest opportunity. Should a disposal with a value below £1 million have any unusual features or be of special interest, then MOPAC will have the opportunity to approve the final sale.
5. All former operational properties that are surplus to operational requirements, and those residential properties with a value in excess of £1 million, are marketed and sold in accordance with the established disposal procedures for private treaty sales. Sites are marketed for a minimum of four weeks, with advertisements placed in the national and local property press, and where possible a board placed on site. Previously, MOPAC have sought best bids, unconditional upon the receipt of planning permission.
6. Conditional bids (i.e. subject to the grant of town planning consents) are not usually invited as part of the disposal process, as there are a number of disadvantages in accepting such offers:
  - There is no guarantee that the scheme as proposed will be granted planning permission.
  - If planning consent is not granted the purchaser will either seek to renegotiate the purchase price (to a lower figure) at a later stage, or may withdraw from the purchase altogether.
  - Any prolonged downturn in the commercial or residential market will affect a developer's profit margin and may adversely influence a decision to proceed with the purchase.
  - There is a high degree of risk in accepting a conditional bid, where there is no certainty of realising the proposed purchase price.
  - Funds would not be received until receipt of planning permission and no certainty can be placed on the time scales to obtaining planning consent.
7. Any offers considered must reflect MOPAC's standard requirement for a five year forward sale claw-back clause. This is to enable MOPAC to benefit in any uplift in value in the event that the purchaser subsequently sells the property at a price in excess of that paid to MOPAC within an agreed period of time. Where appropriate, planning "overage", enabling MOPAC to share in the value of a larger than anticipated planning consent, is also put in place.
8. Those vacant residential properties with a value under £1million are disposed of through auction.

## C. OTHER ORGANISATIONAL & COMMUNITY IMPLICATIONS

### Equality and Diversity Impact

1. There are considered to be limited equality or diversity issues arising as a result of these proposed disposals.
2. Private treaty disposals are open market sales making the properties available to all members of the public.
3. In the event of residential redevelopment of the operational sites, the provision of affordable housing at a site will need to meet the requirements of the Local Planning Authority, as and when granting planning consent for development.
4. The police stations/offices referred to in the disposal programme either have no front counters, already have an alternative provision in place or require alternative provision to be provided. Where new provision is required community engagement, led by TP, will take place as part of the approvals process.
5. Prior to actual sale of buildings which previously had front counters the local community, stakeholders and GLA link member will be engaged and consulted, as appropriate.

### Financial Implications

#### Capital Implications

6. The estimated sale proceeds, based on open market valuations total £32.65m. The sale proceeds from the additional disposal of Eric Street will contribute to the 2015/16 capital receipts target of £195.4m. It is anticipated that receipts from the remaining two properties will be a sale in 2016/17, and a deferred sale completion in 2017/18. The values assessed for each individual site are detailed in **Exempt Appendix 2**. Values have been assessed in accordance with RICS standards and are based on open market assessments.

#### Revenue Implications

7. The net revenue costs related to the maintenance of the three properties identified for disposal, based on 2013/14 operational costs, are £1.73m p.a. These savings will contribute towards the phased reduction in annual property running costs to £90m by 2020/21 delivered through the CRE Programme. Maintenance/repair works have been kept to a minimum. The present budget model reflects the anticipated vacation and sale dates for each property. Costs to hold the properties in the longer term are not included within future budget allocations and holding these properties in the longer term will require funding to be provided through future business planning processes. A breakdown of the costs per site are detailed in **Exempt Appendix 2**.

### Legal Implications

8. There are no direct legal implications arising from the recommendations contained within this report, which seeks approval from MOPAC to dispose of the properties in principle and to the marketing of the properties for sale, as listed in **Exempt Appendix 2**, in accordance with the scheme of delegation and consent.

9. MOPAC has the power to dispose of surplus properties (including land) under paragraph 7 (2) (b) of Schedule 3 of the Police Reform and Social Responsibility Act 2011 ("the Act").
10. The Commissioner may also do anything which is calculated to facilitate, or is conducive or incidental to acquiring and disposing of property (apart from land) but only with the consent of MOPAC under paragraph 4 (2) (b) of Schedule 4 of the Act.
11. The MOPAC Scheme of Delegation and Consent provides the Director of Property Services with authority to dispose of land or property on behalf of the MOPAC in accordance with the Estate Strategy for all transactions with an estimated value of less than £1 million and which have no public interest issues arising. The delegated authority is subject to the DMPC approving an annual schedule of all the surplus properties for disposal submitted at the beginning of the financial year. Approval of the additional surplus properties, attached at **Appendix 2**, will enable the Director of Property Services to instigate the disposal process for those respective properties in line with the established procedures set out in this report.
12. The report confirms the individual properties will be marketed and disposed of in an open and transparent manner and that the disposals will generate capital receipts that will assist MOPAC in securing the maintenance of the MPS and ensure that it is efficient and effective.
13. Further reports to MOPAC or to the Director of Property Services may be required in order to progress to the final disposals.

### **Consultation and Communication**

14. All proposed building exits have been developed in consultation with the CRE Programme Team and presented to CRE Governance Board (Chaired by Assistant Commissioner Hewitt).
15. None of the properties have public facing functions. In the case of Ponton Road, the site will not be released until the Belvedere facility is operational (December 2017); Douglas Webb will be fully vacated in August 2016 and Pierson House is vacant
16. Proposals have also been developed with reference to the emerging requirements of the Met Change Programme.
17. Prior to the marketing of each individual property, the potential political issues and/or community concerns are considered. Where the closure and sale of former public facing buildings is concerned, the appropriate Borough Commander is advised of the proposed sale and marketing schedule well in advance and bespoke engagement strategies are developed to support communication with local stakeholders and politicians. Borough Commanders are advised in advance of all property sales (save for individual residential units) in their borough, including those buildings where no political issues or community concerns are expected.

### **Environmental Implications**



18. There are not considered to be any significant environmental implications to these disposals. The table below notes the impact on the MPS of selling these buildings.

	Higher	Lower	No Impact	Mitigation/ management of any higher impact
Level of energy use and associated carbon dioxide emissions		✓		The combined sales of the properties will result in an annual reduction in carbon emissions, although some of this will be displaced to receiving buildings based on previous annual tonnages of carbon emissions associated with energy use from these buildings. The phased exit of surplus buildings that will lead to a reduction in floor space and increased occupancy in remaining building will also assist with the adherence with MPS targets to consider and reduce our environmental impacts in line with Mayoral objectives and compliance with Social Value Act 2012
Level of water consumption		✓		The buildings referred to herein are surplus to requirements. There will be a reduction in MPS water consumption, although some consumption may be displaced to receiver buildings.
Level of waste generation/waste requiring disposal	✓			The buildings referred to herein is surplus to requirements. Whilst there is a reduction in MPS waste from the sites waste production may be displaced to receiver buildings. There will be a one-off occurrence of waste resulting from the MPS decanting the building;

				this will be dealt with in line with the MPS Waste SOP and CRE Waste Disposal Guidelines (currently being updated) to ensure the waste hierarchy is followed (reduce, reuse, recycle).
Level of travel and transport and associated emissions		✓		The buildings are being disposed of and all MPS visits to the properties will cease. Travel and transport will be displaced to other sites.
Raw material use and finite resources (use of recycled materials and sustainable alternatives)			✓	Properties will be disposed of. Some resource use will be displaced to receiver sites.

19. Sales entailing potential refurbishment, conversion or redevelopment will create adverse environmental impacts during the construction phases. On completion of construction, however, the ongoing use of the buildings would significantly improve the long term environmental / sustainability performance situation as a result of being built to present day standards.

### Risk Implications

20. The property market in Greater London remains strong and demand for good quality opportunities in sought after locations remains high from both national and international buyers. Price growth has however slowed and some areas have seen small reductions. The number of transactions for prime properties is also down. Changes to stamp duty rules and uncertainty caused by China's currency devaluation caused the summer slowdown to be sharper than usual. The market is expected to strengthen in the autumn. It is apparent that there continues to be a divergence in demand for good quality opportunities in sought after locations compared to poorer locations with lower end values. Sales in poorer quality locations may struggle to complete at the values reported.
21. Whilst efforts are made to ensure bidders have undertaken sufficient due diligence there is risk that bids will be based on town planning, valuation and funding assumptions that cannot subsequently be substantiated. Whilst efforts are made to ensure bidders are in a position to complete the purchases on the proposed terms there is risk that in such circumstances the sale will fail to complete and / or the purchaser will look to renegotiate the purchase price.
22. The closure and sale of former public facing police buildings often generates interest from local communities, councillors, GLA members and MPs. A robust consultation process and bespoke communication strategy will assist in managing and allaying any concerns relating to such closures.

**Report Author: Andrew Denniss Real Estate Management, Property Services**

**Background Papers**

MOPAC/MPS Estate Strategy 2013-2016 - May 2013

DMPC Decision 2015-89 Disposals - Annual Schedule 2015/16  
DMPC Joint Investment Board 17 October 2012

**Abbreviations**

CRE	-	Corporate Real Estate
DLS	-	Directorate of Legal Services
MOPAC	-	Mayor's Office for Policing And Crime
MPS	-	Metropolitan Police Service
TP	-	Territorial Policing
SN	-	Safer Neighbourhood

