

REQUEST FOR DMPC DECISION – PCD 488**Title: Disposal of Surplus Real Estate Asset****Executive Summary:**

The Wembley Feeding Centre has become surplus to requirements and is recommended for disposal, in order to generate capital receipts to support the future capital investment programme and reduce running costs.

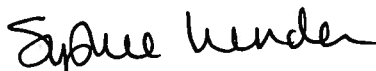
Recommendation:

The DMPC is recommended to approve the disposal and marketing for sale of Wembley Feeding Centre, Carey Way, Wembley.

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. Any such interests are recorded below.

The above request has my approval.

Signature**Date** 15/11/2018

PART I - NON-CONFIDENTIAL FACTS AND ADVICE TO THE DMPC

Decision required – supporting report

1. Introduction and background

- 1.1. In accordance with MOPAC Scheme of Delegation and Consent the disposal of all properties with an estimated value of £1m or above require MOPAC approval on a case by case basis before the property is marketed. Any proposed sales with a value under £1 million may be completed by way of delegated powers and reported retrospectively. 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.

2. Issues for consideration

- 2.1. Wembley Feeding Centre, Harrow is a terrace of three industrial units which are surplus and vacant, and has no public access. The disposal of this site supports the Police & Crime Plan by generating receipts to re-invest in the retained estate and so supporting the objective that “officers are given the tools to do their job”. In addition, the disposals reduce annual revenue costs, and avoid future investment commitments.
- 2.2. In order to maximise the marketability of the site and encourage higher prices from bidders the MPS will invest in removing its specific fit out at this site prior to disposal.
- 2.3. In order to achieve MOPAC’s obligation on best value, the alternative routes/approaches for disposal will be considered for each property during its preparation to market for sale. As the property comprises a terrace of 3 industrial units in an established industrial location it is unlikely the property would be acquired for the purpose of residential development.

3. Financial Comments

- 3.1. The value of the investment to prepare the site for disposal and the expected capital receipts are set out in Part 2. These will contribute to the overall capital receipts target of £489m to help fund the capital programme.
- 3.2. The revenue costs of the maintenance and rates expected to be saved in a full year for the property to be sold is £115k

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 property 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 disposal will generate a capital receipt that will assist MOPAC in securing the maintenance of the MPS and ensure that it is efficient and effective.
- 4.5. The DMPC has authority under 4.17 of the Scheme of Consent and Delegation to approve "The disposal of all properties with an estimated value of £1M or above on a case by case basis before the property is marketed"

5. Commercial Issues

- 5.1. The recommendation proposes investment in the site in order to make its acquisition more commercially attractive to bidders. The route to disposal will be selected to ensure the objective of achieving best value for MOPAC in an open and transparent manner.

6. GDPR/Data Privacy

- 6.1. The disposal does not use personally identifiable data of members of the public therefore there are no GDPR issues to be considered.

7. Equality Comments

- 7.1. There are considered to be no equality or diversity issues arising as a result of these proposed disposals.

8. Background/supporting papers

- 8.1. Appendix 1 – MPS Report

Public access to information

Information in this form (Part 1) is subject to the Freedom of Information Act 2000 (FOIA) and will be made available on the MOPAC website following approval.

If immediate publication risks compromising the implementation of the decision it can be deferred until a specific date. Deferral periods should be kept to the shortest length strictly necessary.

Part 1 Deferral:

Is the publication of Part 1 of this approval to be deferred? No

If yes, for what reason:

Until what date:

Part 2 Confidentiality: Only the facts or advice considered as likely to be exempt from disclosure under the FOIA should be in the separate Part 2 form, together with the legal rationale for non-publication.

Is there a **Part 2** form – Yes

ORIGINATING OFFICER DECLARATION

	<i>Tick to confirm statement (✓)</i>
Financial Advice: The Strategic Finance and Resource Management Team has been consulted on this proposal.	✓
Legal Advice: Legal advice is not required.	✓
Equalities Advice: Equality and diversity issues are covered in the body of the report.	✓
Commercial Issues Commercial issues are covered in the body of the report.	✓
GDPR/Data Privacy A DPIA is not required.	✓
Director/Head of Service: The MOPAC CFO has reviewed the request and is satisfied it is correct and consistent with the MOPAC's plans and priorities.	✓

OFFICER APPROVAL**Chief Executive 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

R. Lawrence

Date 12/11/2018

**PORTFOLIO AND INVESTMENT BOARD – 9th October 2018
and
MOPAC INVESTMENT ADVISORY MONITORING - 2nd November 2018**

**REQUEST FOR APPROVAL TO DISPOSE OF
ADDITIONAL SURPLUS REAL ESTATE ASSETS - 2018 / 2019**

A report by the Director of Property Services

**Part 1 – This section of the report will be published by MOPAC. It is
classified as OFFICIAL – PUBLIC**

Summary

The Police & Crime Plan 2017 – 2021 has committed to 'invest in the tools they (officers) need to do their job' and invest in core (buildings that are expected to be retained for a minimum of 20 years) buildings 'to create a modern environment for our staff and the public who need our services'.

In support of this commitment this report seeks approval to dispose of one operational property that has been identified as surplus to requirements. The property identified has no public facing function.

A. RECOMMENDATIONS - That the DMPC:-

- 1. Approve the disposal and marketing for sale of Wembley Feeding Centre, Carey Way, Wembley.**
- 2. Note the disposal of the property will generate an estimated net receipt as detailed in Part 2 (Exempt) as well as contributing £115k p.a to the estates revenue savings through a reduction in running costs. This is an element of over £50m savings to be delivered in the medium term.**
- 3. Note that prior to marketing elements of reinstatement and repair will be undertaken to the property. These works include removal of fit-out specific to MPS use. The costs of these works are detailed in part 2 and are to be off-set against the gross capital receipt.**
- 4. Note it is currently estimated that MOPAC will deliver capital receipts of £488.6M for the period 2017/18 to 2024/25. This is in line with the revised budget approved as part of the Quarter One Budget Monitoring Report.**
- 4. Note that the property included in this paper has no public facing function.**
- 5. Note that the property identified for disposal in this paper is in addition to the disposals approved by the DMPC for disposal in 2018/19 (Ref: Decision – PCD 336)**

Time Sensitivity

A decision is required from the Deputy Mayor by 16/11/18 in order that the marketing of the property for sale can commence at the earliest opportunity minimising the property holding costs up to the point of sale.

B. SUPPORTING INFORMATION

1. The draft MOPAC/MPS Estate Transformation Strategy 2017-2021 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. The following property has been identified as surplus to requirement and is recommended for disposal. Further detail including the estimated capital receipts from the sale of the property are shown in Part 2 (Exempt). This must be treated as a guide only; all figures are subject to prevailing market conditions. This paper seeks approval to the marketing and sale of the following property.

Wembley Feeding Centre, Units 5,6 & 7 Carey Way	Brent
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3. The property comprises a terrace of 3 vacant industrial units which have been extensively fitted-out for MPS use. Advice from MOPAC's retained property consultants Knight Frank is that the extent of the specialist fit out is likely to limit the market for the sale of the units and prospective purchasers would seek significant price reductions to allow for the cost of removing the fit out. Knight Frank advise that ahead of marketing the MPS should undertake select reinstatement and repair works to maximise value and marketability. A detailed pre-tender pricing schedule of reinstatement and repair works has been obtained and in consultation with Knight Frank those items considered most necessary to maximise marketability and value have been identified. The cost of these works has been priced as outlined in Part 2. Knight Frank have advised that there will be a net benefit in the receipt against the cost of MOPAC undertaking the works allowing for any price reduction purchasers would otherwise seek if the works were not undertaken by MOPAC.
4. It is intended that the property will be marketed for sale in 2018/19 following completion of the reinstatement and repair works. It is however unlikely that these works will be finished in time for the sale to complete in 2018/19 and the sale completion will fall into 2019/20.
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. Each property will be analysed to consider the method and approach to sale. Generally, 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. In order to achieve MOPAC's obligation to achieve best value, alternative routes/approaches will be considered during preparation to market for sale.

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. MOPAC has a statutory duty to achieve value for money from the disposal of its land in order to deliver 'efficient and effective policing'. In order to help achieve wider GLA objectives for the delivery of affordable housing in London, bidders for the properties, when bidding on the basis of residential development, will be asked to acknowledge that, when making an offer, they have had regard to relevant planning policies, including existing local authority policies on minimum affordable housing requirements and emerging guidance such as the Mayor's SPG on affordable housing. Parties will be encouraged to review the GLA funding available for the provision of affordable housing through the Mayor's 'Homes for Londoners: Affordable Homes Programme 2016-2021'.
9. The operational property identified comprises a terrace of 3 industrial units in an established industrial location. It is unlikely the property would be acquired for the purpose of residential development.
10. An overview of the capital receipts position and disposal status will be reported to the DMPC through an update paper and disposal schedule as a standing IAM agenda item.

C. OTHER ORGANISATIONAL & COMMUNITY IMPLICATIONS

Equality and Diversity Impact

11. There are considered to be no equality or diversity issues arising as a result of the specific disposals referred to in this paper.
12. The properties identified in this paper have no public facing functions.

Financial Implications

Capital Implications

13. To maximise the potential capital receipt the MPS propose to undertake reinstatement works in advance of disposing of the property. Further details of this and the capital receipt are included in Part 2 (Exempt).
14. It is currently estimated that MOPAC will deliver capital receipts of £488.6M (including optimism bias) for the period 2017/18 to 2024/25. This is in line with the revised budget of £488.6M approved as part of the Quarter One Financial performance Report.

Revenue Implications

15. The proposed disposals will deliver an annual saving of £115k through reduced running costs as included in the approved medium term financial plan and contributing towards the planned Estates Transformation revenue savings of over £50m in the medium term. Any

delay in disposing of the properties could lead to additional costs that are unbudgeted and will require compensating savings to be made.

Legal Implications

16. 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 detailed in this report.
17. 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").
18. 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.
19. With the exception of disposals felt to be of an exceptional nature because of particular, sensitivities or potential public interest, the MOPAC Scheme of Delegation and Consent provides the Director of Property Services with authority to dispose of land or property with an estimated value of £1M or above which have previously been approved by the DMPC when the property is being disposed of to the highest bidder and the price equals or exceeds the agreed estimate, notifying the DMPC in writing of the disposal.
20. 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 surplus properties 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.
21. 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.
22. Further reports to MOPAC or to the Director of Property Services may be required in order to progress to the final disposals.

Environmental Implications

23. 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.

24. 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

25. There continues to be uncertainty over the impact of Brexit on the London residential market. Data post-Brexit referendum has suggested that prices are depressed with reduced demand pushing down prices in most London Boroughs. Volumes are down whilst the position clarifies. The long term outcome of Brexit on the London market is yet to be seen.
26. 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.

Report Author: Andrew Denniss - Asset Management, Property Services

Background Papers

The Mayor's Office for Policing and Crime and Metropolitan Police Service
Public Access Strategy – November 2017

Request For Approval to Dispose of Surplus Real Estate Assets 2018/2019

Abbreviations

DMPC	-	Deputy Mayor for Policing and Crime
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