

REQUEST FOR DMPC DECISION – PCD 264**Title: Property Disposal 2017/18****Executive Summary:**

This paper seeks approval for the disposal of and marketing for sale of a surplus site in Ponton Rd in order to generate capital receipts to support the future capital investment programme and reduce running costs.

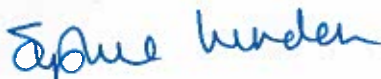
Recommendation:

The DMPC is asked to approve the disposal and marketing for sale of the site at Ponton Road, Nine Elms

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**

07/11/17

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.
- 1.2. The 2017/18 Capital Programme assumes capital receipt funding of £274m.

2. Issues for consideration

- 2.1 The site at Ponton Road is scheduled to become surplus with its function transferring to the site at Crabtree Manorway/Belvedere which is currently under development. The property has no public facing functions.
- 2.2 Bidders should have regard to the local council's (Wandsworth) published Core Strategy policy available at http://www.wandsworth.gov.uk/info/1004/planning_policy/1366/local_plan They should also have regard to the Mayor's Supplementary Planning Guidance (SPG), the draft London Housing Strategy – describing the Mayor's commitment to a long-term strategic target for half of new homes built to be genuinely affordable, and the to be published draft Replacement London Plan. The outcome of affordable housing on the site will be subject to the Local Planning Authority's final planning decisions.
- 2.3 Parties are 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'. Further details can be found at <https://www.london.gov.uk/sites/default/files/homesforlondoners-affordablehomesprogrammefundingguidance.pdf>

3. Financial Comments

- 3.1. The site is expected to generate a capital receipt which will contribute to the funding of the capital programme.
- 3.2. The revenue costs expected to be saved in a full year for the site is £464k.

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

6. Background/supporting papers

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: [Insert 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:

| | Tick to confirm statement (✓) |
|---|-------------------------------|
| Head of Unit: The Chief Finance Officer has reviewed the request and is satisfied it is correct and consistent with the MOPAC's plans and priorities. | ✓ |
| Legal Advice: The TfL legal team has been consulted on the proposal. | ✓ |
| Financial Advice: The Strategic Finance and Resource Management Team has been consulted on this proposal. | ✓ |
| Equalities Advice: Equality and diversity issues are covered in the body of the report. | ✓ |

OFFICER APPROVAL**Chief Executive**

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

13/09/17

REQUEST FOR APPROVAL TO DISPOSE OF SURPLUS REAL ESTATE ASSETS - 2017 / 2018

A report by the Interim Director of Property Services

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 and market a surplus property, generating a capital receipt in support of the capital programme. The property has no public facing functions.

A. RECOMMENDATIONS - That the DMPC:-

1. **Approve the disposal and marketing for sale of the site at Ponton Road, Nine Elms and as detailed in Exempt Appendix 2;**
2. **Note that the property has previously been approved for disposal by the former DMPC ref: DMPCD 2015-129. The property has no public facing functions;**
3. **Note the 2016/17 to 2020/21 capital receipts target is £782m (including receipts of £370m from the sale of New Scotland Yard and £40 million from the part sale of surplus land at Peel Centre, Hendon) and is to be generated through the disposal of surplus real estate assets;**
4. **Note it is estimated the disposal of the property will generate a receipt as indicated in Exempt Appendix 2 in support of the 2018/19 Capital Programme as well as contributing £464k to target revenue savings;**
5. **Note that following the outcome of the forthcoming Estates Transformation consultation process further properties may be identified for disposal to support the delivery of the MOPAC/MPS Estate Transformation Strategy 2017-2021;**
6. **Note that one property previously identified as surplus and originally to be included in this paper will now be retained in the short/medium term for operational purposes. For information only this property is detailed in Appendix 2.**

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 site at Ponton Road, Nine Elms has been identified as surplus and is recommended for disposal. The anticipated capital receipt from the sale of the property is shown in Exempt Appendix 2. 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 property.
3. Where required all alternative provision has been identified. The property comprises a vehicle workshop and has no public facing functions. Migration to alternative accommodation if not already complete will occur prior to completion of the sale of the property. Where possible the period between the property being exited and the sale being completed will be minimised. This provides the benefit to MOPAC of minimising the holding costs of the vacant property. In some instances 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, 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.

- A sale would not complete and funds received until the grant of planning permission and no certainty can be placed on the time scales to obtaining planning consent. MOPAC would be responsible for holding costs until sale completion.
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.

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. In the event of residential redevelopment of the site, the provision of affordable housing will need to meet the requirements of the Local Planning Authority, as and when planning consent for development is granted.
3. The property identified in this paper has no public facing functions.

Financial Implications

Capital Implications

5. It is estimated that the proposed disposal will generate a capital receipt as detailed in Exempt Appendix 2 with proceeds contributing to the funding of the capital programme

Revenue Implications

4. The proposed disposal will deliver revenue savings of £464k (as at 2015/16), and will contribute to reducing the running costs of the estate to £99.5m by 2020/21. 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

5. There are no direct legal implications arising from the recommendations contained within this report, which seeks approval from MOPAC to dispose of the property in principle and to the marketing of the property for sale, as listed in Exempt Appendix 2, in accordance with the scheme of delegation and consent.
6. 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").

7. 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.
8. The MOPAC Scheme of Delegation and Consent provides the Director of Property Services with authority to dispose of land or property on behalf of 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 property, attached at Appendix 2, will enable the Director of Property Services to instigate the disposal process for the property in line with the established procedures set out in this report.
9. The report confirms the individual property will be marketed and disposed of in an open and transparent manner and 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.
10. Further reports to MOPAC or to the Director of Property Services may be required in order to progress to the final disposals.

Environmental Implications

11. There are not considered to be any significant environmental implications to the disposal. The table below notes the impact on the MPS of selling this building.

| | 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. |

12. 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

13. There continues to be uncertainty over the impact of Brexit on the London residential market. Prior to the referendum transaction numbers were down pending the vote and there was already some depression on values due to the stamp duty surcharge on second

homes and buy to lets. Data post Brexit 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.

14. 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

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 |