

**REQUEST FOR DMPC DECISION – DMPCD 2015-002****Title: KENLEY FORMER POLICE STATION - SALE****Executive Summary:**

MOPAC gave approval to the marketing of the freehold interest of the property in May 2013. Following an open marketing campaign between September and October 2013 bids were received. DMPC approved the purchaser in December 2013. The purchaser subsequently withdrew in May 2014. The site was re-marketed in September and October 2014. The DMPC is now asked to approve the disposal of the freehold interest of the site to the purchaser and on the terms set out in Part 2.


**Recommendation:**

The DMPC is asked to approve the disposal of the freehold interest of the site to the purchaser and on the terms set out in Part 2.

**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**

15/11/2015

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

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

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

- 1.1 Following the Deputy Mayor for Policing and Crime's Decision 2013-072 of 17 May 2013 the property was openly marketed in September and October 2013.
- 1.2 Bids were invited on an unconditional basis and subject to a standard five year forward-sale clawback clause to enable MOPAC to benefit in the event that the purchaser subsequently sells the property on at a price in excess of that originally paid to MOPAC. Bidders were also advised to consider including provision for additional sales and/or planning overage in their bids.
- 1.3 Five compliant bids were received by the deadline. The bids were then evaluated to determine which bids offered the highest value (taking into account any additional sales and/or planning overage) from a credible purchaser (taking into account the availability of funding). All bidders were invited to provide evidence of funding with their bids. On advice from Knight Frank three first round bidders were invited to make bids in a further round.
- 1.4 In December 2013 DMPC approved the sale of the site, DMPCD 2013 190. The purchaser subsequently withdrew its offer in May 2014 for the reasons set out in Part 2.
- 1.5 The property was again openly marketed in September and October 2014. Ten compliant bids were received by the deadline. The bids were then evaluated to determine which bids offered the highest value (taking into account any additional sales and/or planning overage) from a credible purchaser (taking into account the availability of funding). All bidders were invited to provide evidence of funding with their bids. On advice from Knight Frank six first round bidders were invited to make bids in a further round. The results of the final rounds of bids are shown in Part 2.
- 1.6 Property Services consider the disposal of the freehold to the bidder identified in Part 2 achieves value for money having followed an open and transparent marketing and tendering exercise and having sought professional advice from independent Property Agents.

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

- 2.1 In accordance with the current MOPAC Scheme of Consent and Delegation the Deputy Mayor for Policing and Crime (DMPC) is requested to approve the disposal of the freehold interest of the site to the purchaser and on the terms set out in Part 2.

#### **3. Financial Comments**

- 3.1 If approved the sale proceeds will support the 2014-15 capital programme.
- 3.2 The revenue costs related to the maintenance of this property based on 2012/13 costs are £53,899 per year. Maintenance/repair works have been kept to a minimum. Costs to hold the property in the longer term are not included within the 2012/15 Mayor's approved budget; a longer term hold will require funding to be provided through future business planning processes

#### **4. Legal Comments**

- 4.1 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").
- 4.2 The Director of Property Services has delegated authority for day to day management of the estate and has authority to dispose of property, subject to conditions.
- 4.3 This report confirms the property is surplus to operational requirements. Further, that the capital receipts from the property disposal will assist MOPAC in securing the maintenance of the Metropolitan Police Service, and ensure that it is efficient and effective, as required under section 3(6) of the Act.
- 4.4 The Deputy Mayor for Policing and Crime may under the Scheme of Consent and Delegation approve all disposals of properties with an estimated value of £1 million or above on a case by case basis before the property is marketed. Following approval, the MPS Director of Property Services may dispose of the

property to the highest bidder where the price equals or exceeds the agreed estimate, notifying the MOPAC in writing of the disposal. In this instance further approval is requested from MOPAC in accordance with the Scheme of Consent and Delegation as the property disposal possesses potentially novel and contentious issues.

- 4.5 The disposal will be subject to contract and external lawyers will be instructed through MetLaw (DLS) to complete the conveyance.

## **5. Equality Comments**

- 5.1 In line with corporate real estate principles; maximising the use of space and minimising costs of those buildings core to operational needs, 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. There are considered to be limited equality or diversity issues arising as a result of this proposed disposal.
- 5.2 Private treaty disposals are open market sales making the property available to all members of the public.
- 5.3 In the event of residential development 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 the development is granted.

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

- 6.1 None

**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: Commercial confidentiality of the bids made by the bidders and the subsequent transaction

**ORIGINATING OFFICER DECLARATION:**

	Tick to confirm statement (✓)
<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> The Equality and Diversity team have been consulted on this proposal on behalf of the Head of Equalities and Diversity.	✓

**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 15/01/2015

# MAYOR OF LONDON

## OFFICE FOR POLICING AND CRIME

### REQUEST FOR APPROVAL TO DISPOSE OF KENLEY POLICE STATION FOLLOWING AN OPEN MARKET TENDER PROCESS

**Report by Director of Property Services on Behalf of the Commissioner**

#### **Summary**

This report requests the Deputy Mayor For Policing and Crime's (DMPC) approval to dispose of the freehold interest in Kenley Police Station following an open market tender process.

#### **A RECOMMENDATION – That the DMPC:**

- 1. In accordance with the current MOPAC Scheme of Consent and Delegation approve the disposal of the freehold interest in Kenley Police Station at the value and to the bidder identified in Exempt Appendix 2 following an open market tender process;**
- 2. Note the disposal is consistent with the DMPC Decision 2013-072 of 17 May 2013 to dispose of the property in principle and to market the property for sale;**
- 3. Note that the capital receipt from the disposal will support the 2014/15 Capital Programme.**

#### **B SUPPORTING INFORMATION**

- 1. Following the Deputy Mayor for Policing and Crime's Decision 2013-072 of 17 May 2013 the property was initially marketed between the months of September and October 2013. Knight Frank as agents acting on behalf of MOPAC placed advertisements in the national property press and relevant local press. Knight Frank also placed a marketing board on the property, hosted details on their website and distributed particulars of the property to interested parties. Bids for the property were invited to be received by the agents no later than midday on 21 October 2013.**
- 2. All bids were invited on an unconditional on planning basis and subject to a standard five year forward-sale clawback clause, to enable MOPAC to take benefit in the event that the purchaser subsequently sells the property on at a price in excess of that originally paid to MOPAC. Bidders were also advised to consider including provision for additional sales overage or planning clawback in their bids.**

3. Five bids were received by the deadline. The bids were then evaluated to determine which bids offered the highest value (taking into account any additional sales overage or planning clawback) from a credible purchaser (taking into account the availability of funding). The top three bidders were invited to provide further information and submit their best and final offers by midday on 25 October 2013. With external advice from Knight Frank the DMPC approved the sale of the property to the highest bidder on 18 December 2013 (ref: DMPC 2013-190).
4. Subsequent to approval of the sale the approved purchaser withdrew from the transaction in May 2014 for the reasons outlined in Appendix 2 (Exempt).
5. The property was re-marketed between the months of September and October 2014. As previously Knight Frank as agents acting on behalf of MOPAC placed advertisements in the national property press and relevant local press. Knight Frank also hosted details on their website and distributed particulars of the property to interested parties. Bids for the property were invited to be received by the agents no later than midday on 10 October 2014.
6. All bids were invited on an unconditional on planning basis and subject to a standard five year forward-sale clawback clause, to enable MOPAC to take benefit in the event that the purchaser subsequently sells the property on at a price in excess of that originally paid to MOPAC. Bidders were also advised to consider including provision for additional sales overage or planning clawback in their bids.
7. Ten compliant bids were received by the deadline. One bid subject to planning and other approvals was received. The bids were then evaluated to determine which bids offered the highest value (taking into account any additional sales overage or planning clawback) from a credible purchaser (taking into account the availability of funding). With advice from Knight Frank the top six bidders were invited to provide further information and submit their best and final offers by midday on 24 October 2014. The conditional bidder was invited to make a best and final unconditional offer by the same deadline. The results of the final rounds bids are detailed in Appendix 2 (Exempt).
8. With external advice from Knight Frank, Property Services recommend the DMPC approve the sale of the property to the party and on the terms identified in Appendix 2.
9. Property Services consider the disposal of the freehold to the bidder identified in Exempt Appendix 2 achieves value for money having followed an open and transparent marketing and tendering exercise and having sought professional advice from independent Property Agents.

## **C OTHER ORGANISATIONAL & COMMUNITY IMPLICATIONS**

### **Equality and Diversity Impact**

1. In line with corporate real estate principles; maximising the use of space and minimising costs of those buildings core to operational needs, 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. There are considered to be limited equality or diversity issues arising as a result of this proposed disposal.
2. Private treaty disposals are open market sales making the property available to all members of the public.
3. In the event of residential redevelopment of the site the provision of key worker or social housing accommodation at a site will need to meet the requirements of the Local Planning Authority, as and when granting planning consent for development.

### **Financial Implications**

4. The 2014/15 Capital Receipts budget, as set out in the 2014/15 approved Mayor's budget, is £97m, which includes the sale of Kenley Police Station. The latest forecast is for Capital Receipts of at least £150m for 2014/15. This forecast is to be achieved through the disposal of operational and residential properties that are surplus to requirements.
5. The revenue costs related to the maintenance of this property based on 2012/13 costs are £53,899. Maintenance/repair works have been kept to a minimum.

Costs to hold the property in the longer term are not included within the 2013/16 Business Plan; a longer term hold will require funding to be provided through future business planning processes.

### **Value for Money**

6. The property is surplus to operational requirements and a disposal offers opportunity to realise the capital value and reinvest the receipt into the Metropolitan Police Service.

### **Legal Implications**

7. The 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"). Further, paragraph 7(1) of Schedule 3 of the Act allows the MOPAC to do anything which is calculated to facilitate or is conducive or incidental to the exercise of the functions of the office.

8. This report confirms the capital receipts from the property disposal will assist MOPAC securing the maintenance of the Metropolitan Police Service, and ensure that it is efficient and effective, as required under Section 3(6) of the Act.
9. The Deputy Mayor of Policing and Crime may under the MOPAC Scheme of Consent and Delegation approve all disposals of properties with an estimated value of £1 million or above on a case by case basis before the property is marketed and /or dispose of property that is felt to be of an exceptional nature because of the particular sensitivity or because of a particular public interest element. Following approval, the MPS Director of Property Services may dispose of the property to the highest bidder where the price equals or exceeds the agreed estimate, notifying the MOPAC in writing of the disposal.
10. The report confirms the property is surplus to the requirements and was marketed in an open and transparent method in order to secure value for money.
11. On the basis of the information contained within this report and discussions with Property Services, DLS are supportive of the proposed recommendations.
12. The disposal will be subject to contract and external lawyers will be instructed through MetLaw (DLS) to complete the conveyance.

### Environmental Implications

	Higher	Lower	No Impact	Mitigation/ management of any higher impact
Level of energy use and associated carbon dioxide emissions		✓		Disposal of the property will reduce MPS CO2 emissions. A proportion of these emissions may be displaced to receiving buildings. A future occupier will use energy.
Level of water consumption		✓		The building referred to herein is surplus to requirements. There will be a reduction in MPS water consumption, although some consumption may be displaced to receiver buildings. A future occupier will use water.
Level of waste generation/waste requiring disposal	✓			The building referred to herein is surplus to requirements. Whilst there is a reduction in MPS waste from this site,



				a future occupier will generate waste and increased 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 Toolkit and CRE Waste Disposal Guidelines to ensure the waste hierarchy is followed (reduce, reuse, recycle).
Level of travel and transport and associated emissions		✓		The building is being disposed of and all MPS visits to the property will cease. Travel and transport will be displaced to other sites. A future occupier will generate transport impacts.
Raw material use and finite resources (use of recycled materials and sustainable alternatives)			✓	Property will be disposed of. Some resource use will be displaced to receiver sites.

### Risk Implications

13. Whilst efforts are made to ensure bidders have undertaken sufficient due diligence there is risk that bids were based on town planning and valuation assumptions that cannot subsequently be substantiated. Whilst efforts are made to ensure bidders are in a position to complete the purchases on the agreed 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:** Jane Bond, Director Property Services

### Background Decisions:

**DMPC Decision 2013-072 - Disposals**

**DMPC Decision 2013-090 - Property Disposals December 2013**

**ABBREVIATIONS AND ACRONYMS:**

DMPC - Deputy Mayor for Policing and Crime

MOPAC - Mayor's Office for Policing and Crime

MPS - Metropolitan Police Service