

REQUEST FOR DEPUTY MAYOR FOR FIRE & RESILIENCE DECISION – DMFD70

Title: Disposal of Shooters Hill Radio Mast

Executive Summary:

This report seeks approval for the disposal of a freehold interest in land, namely the Shooters Hill Radio Mast, Eaglesfield Road, London SE18.

The property would be sold on an unconditional basis with vacant possession granted by the London Fire Commissioner (LFC) and the existing telecoms leases in situ. It is anticipated that the site will appeal primarily to telecom suppliers seeking to own a radio mast. The property is expected to achieve between £500,000 and £1 million on the open market, generating a capital receipt for the LFC.

The London Fire Commissioner Governance Direction 2018 sets out a requirement for the London Fire Commissioner to seek the prior approval of the Deputy Mayor before *“the acquisition or disposal of any freehold interest in land (including buildings)...”*.

Decision:

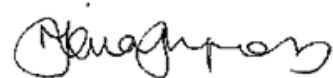
That the Deputy Mayor for Fire and Resilience authorises the London Fire Commissioner to dispose of the freehold interest in Shooters Hill Radio Mast, Eaglesfield Road, London SE18 for not less than £500,000, subject to further consultation on the agreement with the prospective purchaser.

Deputy Mayor for Fire and Resilience

I confirm that I do not have any disclosable pecuniary interests in the proposed decision.

The above request has my approval.

Signature:



Date:

15 June 2020

PART I – NON-CONFIDENTIAL FACTS AND ADVICE TO THE DEPUTY MAYOR

Decision required – supporting report

1. Introduction and background

- 1.1 Report LFC-0344y to the London Fire Commissioner sets out the background for the request for approval to sell the freehold property known as Shooters Hill Mast, Eaglesfield Road, London SE18. The property would be sold on an unconditional basis with vacant possession granted by the London Fire Commissioner (LFC) and the existing telecoms leases in situ. The property currently generates £36,241 pa in rental income for LFC and costs LFC £12,600 pa in business rates plus nominal maintenance costs.
- 1.2 Based on an independent valuation, the property is expected to achieve £500,000 and £1 million in the open market following an eight week marketing campaign and purchaser negotiations. The property value is constrained by the presence of two telecom leases. Due to the challenges in removing the current telecom leases on the site, and the need to gain planning permission for alternative use, it is anticipated that the site will appeal primarily to telecom suppliers seeking to own a radio mast.
- 1.3 The LFC property Shooters Hill Mast is situated in south-east London in an elevated position, just to the west of Shooters Hill Golf Club within a residential area. The property comprises a regular shaped site of approximately 0.14 acres (0.057 hectares), on which there is a substantial communications mast (35m), a small associated single storey building and a parking area for about six vehicles fronting Eaglesfield Road (see appendix 1 of report LFC-0344y for Ordnance Survey map).
- 1.4 The property is not well placed, in terms of access to public transport facilities as there are no underground or mainline train stations situated within easy walking distance of the property. Numerous bus routes to central London pass along Shooters Hill (A207), which is situated approximately 500 metres to the south of the property.
- 1.5 The property was formerly used by LFC as one of its main paging sites. That use ceased relatively recently and LFC no longer has any paging or other equipment on the mast. However, an officer from London Fire Brigade (LFB) Radio Group is currently using an area of the single storey building as a satellite venue to maintain radio equipment and as storage for various items of technical equipment.
- 1.6 LFB Property are at an advanced stage of discussions with the LFB's Information Communications Technology ICT Department, who have confirmed they can vacate this site, in agreeing an alternative location within the estate to meet ICT requirements. This report assumes no additional funding would be required to re-locate this satellite workstation.
- 1.7 LFC owns the freehold interest in the site. Currently, the mast is leased from LFC by two commercial telecoms providers, to accommodate dipole and panel antennae, together with associated equipment. Both operators also use their own 'base-station' kit, which is located in a defined part of the single storey building:
 - a) Mobile Broadband Network Ltd (MBNL), on behalf of Hutchinson 3G UK Ltd/EE Ltd has a lease over telecoms equipment on the mast and part of the associated building. The term expires at the end of November 2021, at a rent of £16,487 per annum exclusive.
 - b) Airwaves Solutions Ltd has a lease over telecoms equipment on the mast and part of the associated building. The tenant is currently 'holding over' under the Electronic Communications Code (December 2018), at a rent of £19,724 per annum exclusive.
- 1.8 It should be noted that telecoms providers can be difficult to evict from sites, even at the end of the lease term. There are very limited grounds upon which repossession of a site can be claimed, such as

major redevelopment, and this route will usually require court proceedings to gain vacant possession. It is not deemed cost effective for LFC to begin repossession and lease termination proceedings as this would be expensive and time consuming and any new buyer may prefer to keep the telecoms operators on site in any event.

2 Objectives and expected outcomes

2.1 The property offers two options to generate onward value:

a) LFC retaining the freehold and increasing current rental income.

There is the potential to increase the rental income from the mast and the associated building, by arranging leases for other operators at the property. The main candidate for that is Cornerstone Telecommunications Infrastructure Limited (CTIL) (Telefonica and Vodafone) who do not currently have telecoms equipment at the property. That entity has expressed interest in coming onto the site in the past and there are other smaller/specialist operators who could be approached as well.

However, there is a large degree of uncertainty around the value for LFC retaining the freehold of this site to increase rental income. This is primarily due to the impact the Electronic Communications Code (December 2018) has had on the market. Opportunities to secure and increase rental income from operators via rent reviews, lease renewals and new lettings are extremely restricted by the Code. This is to protect and expedite the rollout of national technical infrastructure as an 'essential' service, similar to the protections afforded to utilities providers. A significant increase in rental income is not an anticipated outcome, and the LFC will still need to fund the annual maintenance costs of a facility which no longer supports operational delivery.

b) LFC disposal of the freehold interest.

There are some specialist telecoms property investors, who may look seriously at acquiring the property. These include Arquiva Ltd (both operator and investor) and AP Wireless [\(UK\) Ltd](#). One or both of the telecoms operators currently on the mast may also be interested in purchasing the freehold interest.

Alternatively the site has scope to accommodate a pair of semi-detached houses, or block of 6-8 flats. The telecoms rental income provides an opportunity for a potential purchaser to offset any delay and costs associated with obtaining planning and the other requisite consents for a small residential scheme. Local planners and residents are likely to be generally supportive of the change to use to support residential purposes, however, a number of issues will arise, including demolition costs, rights of light restrictions and the challenge of removing the current telecoms leases.

2.2 The estimated sale value is anticipated to be between £500,000 and £1 million, reflecting the costs of obtaining vacant possession from the telecoms operators and dismantling/ removing the mast. The end values and associated site values are extremely sensitive to the nature and extent of the planning permission and other consents which a proposed purchaser considers to be possible. An additional unknown factor is the market volatility due to the current Covid-19 pandemic.

2.3 The recommendation of this report is to dispose of Shooters Hill radio mast in favour of gaining a capital receipt not less than £500,000. The costs of sale will comprise of

- The advertising costs of a campaign which would be £2,500 plus VAT.
- The Dron and Wright sale fee. Dron and Wright are LFC's Estate Management Consultants who are contracted providers of professional services associated with the delivery of estates management. One of their roles is the management and development of telecommunications sites.

The sale fee has been negotiated as an incentivised fee structure, in the form of a base fee of £9,250, plus 5% of any disposal proceeds which are achieved for LFC over a figure of £750,000.

- 2.4 The property will be sold on an unconditional basis and 'subject to planning' bids would not be encouraged. Dron and Wright have confirmed that 'subject to planning' offers are unlikely to generate a substantial uplift in disposal proceeds above those for an unconditional sale in this case due to the existing rental income which the property provides.
- 2.5 Once a preferred bidder has been identified a period of six weeks is recommended from their receipt of a full legal pack from LFC for an exchange of contracts. A deposit of 10% payable upon exchange will be required.
- 2.6 Dron and Wright will be instructed to aim to secure an 'onward sale clawback' provision in the contract and this will be made clear to the market in the sale particulars. This would provide assurance to LFC that any onward sale by the purchaser within a defined period, where the purchaser has not implemented a meaningful planning permission, would entitle LFC to participate in any uplift in price over the figure realised on LFC's sale of the property (50%). The property disposal would be marketed in the national property press and associated web portals. Bespoke approaches would also be undertaken to the relevant telecoms providers who may have interest in this site. The LFB logo would be included on the sale particulars.
- 2.7 Consultation on this proposal with GLA officers has taken place, including the GLA Connected London team, with issues raised discussed at the Deputy Mayor's Fire and Resilience Board on 12 May 2020. Before the final disposal of the site by LFC, the Deputy Mayor will be consulted informally on the details of the agreement with the prospective purchaser.

3. Equality comments

- 3.1 The London Fire Commissioner and the Deputy Mayor for Fire and Resilience are required to have due regard to the Public Sector Equality Duty (s149 of the Equality Act 2010) when taking decisions. This in broad terms involves understanding the potential impact of policy and decisions on different people, taking this into account and then evidencing how decisions were reached.
- 3.2 It is important to note that consideration of the Public Sector Equality Duty is not a one-off task. The duty must be fulfilled before taking a decision, at the time of taking a decision, and after the decision has been taken.
- 3.3 The protected characteristics are: Age, Disability, Gender reassignment, Pregnancy and maternity, Marriage and civil partnership (but only in respect of the requirements to have due regard to the need to eliminate discrimination), Race (ethnic or national origins, colour or nationality), Religion or belief (including lack of belief), Sex, and Sexual orientation.
- 3.4 The Public Sector Equality Duty requires decision-takers in the exercise of all their functions, to have due regard to the need to:
 - (a) eliminate discrimination, harassment and victimisation and other prohibited conduct;
 - (b) advance equality of opportunity between people who share a relevant protected characteristic and persons who do not share it; and
 - (c) foster good relations between people who share a relevant protected characteristic and persons who do not share it.
- 3.5 Having due regard to the need to advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it involves having due regard, in particular, to the need to:

- (a) remove or minimise disadvantages suffered by persons who share a relevant protected characteristic where those disadvantages are connected to that characteristic;
 - (b) take steps to meet the needs of persons who share a relevant protected characteristic that are different from the needs of persons who do not share it; and
 - (c) encourage persons who share a relevant protected characteristic to participate in public life or in any other activity in which participation by such persons is disproportionately low.
- 3.6 The steps involved in meeting the needs of disabled persons that are different from the needs of persons who are not disabled include, in particular, steps to take account of disabled persons' disabilities.
- 3.7 Having due regard to the need to foster good relations between persons who share a relevant protected characteristic and persons who do not share it involves having due regard, in particular, to the need to:
- (a) tackle prejudice; and
 - (b) promote understanding.
- 3.8 An initial assessment carried out by LFB equalities team indicates the proposals are likely to have limited to no disproportionately adverse effects on any persons with a particular characteristic. An equalities impact assessment will be undertaken before the decision is implemented.

4. Other considerations

Workforce comments

- 4.1 No workforce implications have been identified therefore no staff side consultations have been undertaken.

Sustainability implications

- 4.2 As this report is recommending the disposal of an LFC asset with tenants in situ, there are no future sustainability impacts to consider as this would be the purchaser's responsibility.

5. Financial comments

- 5.1 This report recommends that approval is given to dispose of the Shooters Hill Mast site. The estimated sale value is between £500,000 and £1,000,000, less estimated sale costs of £12,000 plus 5% of any disposal proceeds over £750,000. This capital receipt is not currently included in the LFB capital programme as part of the 2020/21 Budget Report.
- 5.2 The report also notes that the site incurs an annual rate charge of £12,600 and generates annual rental income of £36,200. If the property is sold this will then result in a net financial revenue pressure of £24,000. This pressure is not currently included as part of the medium term forecast as part of LFB's 2020/21 Budget Report.
- 5.3 If the recommendation in this report is agreed, the potential capital receipt and the revenue budget pressure will both be included as part of the budget process for 2021/22 and future financial years.

6. Legal comments

- 6.1 Under section 9 of the Policing and Crime Act 2017, the London Fire Commissioner (the "Commissioner") is established as a corporation sole with the Mayor appointing the occupant of that office. Under section 327D of the GLA Act 1999, as amended by the Policing and Crime Act 2017, the Mayor may issue to the Commissioner specific or general directions as to the manner in which the holder of that office is to exercise his or her functions.
- 6.2 By direction dated 1 April 2018, the Mayor set out those matters, for which the Commissioner would require the prior approval of either the Mayor or the Deputy Mayor for Fire and Resilience (the "Deputy Mayor").
- 6.3 Clause 2.1 paragraph (a) of Part 2 of the said direction requires the Commissioner to seek the prior approval of the Deputy Mayor before "the acquisition or disposal of any freehold interest in land (including buildings)...".
- 6.4 The Deputy Mayor's approval is accordingly required for the Commissioner to dispose of this site.

Appendices and supporting papers:

Appendix 1: LFC-0344y – Disposal of Shooters Hill Radio Mast

Public access to information

Information in this form (Part 1) is subject to the Freedom of Information Act 2000 (FOI Act) and will be made available on the GLA website within one working day of approval.

If immediate publication risks compromising the implementation of the decision (for example, to complete a procurement process), it can be deferred until a specific date. Deferral periods should be kept to the shortest length strictly necessary. **Note:** This form (Part 1) will either be published within one working day after approval or on the defer date.

Part 1 Deferral:**Is the publication of Part 1 of this approval to be deferred? Yes**

If YES, for what reason: To safeguard the commercial interests of LFC while the disposal of the site is being agreed.

Until what date: 1 November 2020

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

Is there a part 2 form – NO

ORIGINATING OFFICER DECLARATION:

Drafting officer to confirm the following (✓)

Drafting officer

Richard Berry has drafted this report with input from the LFC and in accordance with GLA procedures and confirms the following:

✓

Assistant Director/Head of Service

Niran Mothada has reviewed the documentation and is satisfied for it to be referred to the Deputy Mayor for Fire and Resilience for approval.

✓

Advice

The Finance and Legal teams have commented on this proposal.

✓

Corporate Investment Board

This decision was agreed by the Corporate Investment Board on 15 June 2020.

EXECUTIVE DIRECTOR, RESOURCES:

I confirm that financial and legal implications have been appropriately considered in the preparation of this report.

Signature



Date

15 June 2020