

**REQUEST FOR DMPC DECISION – DMPCD 2014 134****Title: NEW SCOTLAND YARD - SALE****Executive Summary:**

MOPAC gave approval to the marketing of the freehold interest of the site in June 2014. Following an open marketing campaign between September and October 2014 bids have been received. 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.

**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. Any such interests are recorded below.

The above request has my approval.

**Signature****Date**

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

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

#### **Introduction and background**

- 1.1 In November 2012, the Mayor's Office for Policing And Crime (MOPAC) supported MPS Management Board proposals to redefine the Central London Estate. Proposals included the refurbishment of the Curtis Green Building and Block B 98/102 Lambeth Road, Lambeth and a number of smaller subsidiary buildings to support the release of New Scotland Yard (NSY).
- 1.2 The proposed Marketing Strategy for NSY as outlined within the Major Building Estates Strategy Report was approved by the Joint Asset Management Panel at a meeting held on 18th June 2014. Detailed proposals for the marketing of the site by the appointed agents Jones Lang LaSalle (JLL) were approved by the DMPC on 24th July 2014.
- 1.3 MOPAC announced in October 2012 that NSY would be sold and that the MPS headquarters would be moved to the Curtis Green Building (CGB) on Victoria Embankment. In order to provide bidders with certainty over the sales process and their resultant development programme, it was agreed that the formal marketing of Ten Broadway would commence after the finalisation of planning approval for the conversion of CGB.
- 1.4 Full marketing campaign was launched on 2nd September 2014. The media response to the launch included coverage on BBC TV news, BBC online, Reuters, AFP, News 24, The FT, The Guardian, Daily Telegraph, The Times, Irish Times, Radio Australia, Australia's ABC news, Singapore Straights Times, as well as significant coverage in the UK property press. Marketing brochures were provided to prospective bidders and a dedicated marketing website was created. A link to the marketing website was sent to a target list of 5,228 investors with known active requirements, national and international developers and investors, as well as agents.
- 1.5 The marketing material included planning statements prepared by JLL reflecting the consultation that has taken place with both Westminster City Council (WCC) and Greater London Authority (GLA). An indicative redevelopment scheme prepared by architects Skidmore Owings & Merrill which had been discussed with WCC and GLA town planners was included in the marketing material. Pertinent legal and title information was made available through a virtual data room.
- 1.6 During the marketing period 315 parties registered on the website. 43 site inspections were undertaken with 28 different interested parties.
- 1.7 The deadline for bids was 14:00 on 21st October 2014. All bids were to be submitted in hard copy to the offices of JLL. Bids were invited on an unconditional on planning basis and subject to a 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 and/or planning overage in their bids. Bidders were requested to provide with the bid details on the identity of the purchasing entity, the proposed transaction structure, proof of funding, confirmation of due diligence undertaken, proposed timing and requirements for any further internal or third party approvals.
- 1.8 Eleven compliant bids were received. One non-compliant bid was received by email and after the deadline. Details of the bids are included in Part 2.
- 1.9 The bids were then evaluated to determine which bids offered the highest value (taking into account potential for any additional sales overage or planning overage), from a credible purchaser (taking

into account the availability and certainty of funding), the ability to complete the transaction in the prescribed timeframe and the ability of the bidder and its professional team to deliver a scheme on site. With advice from external consultants JLL five bidders were invited to a second round.

- 1.10 All second round bidders were invited to an interview prior to submitting second round bids. Interviews were held between 28th and 30th October before a panel comprising the JLL advisory team and two representatives from the MPS Property Services Department. All parties interviewed were invited to provide clarity on their bid including a) funding details, including the guarantees to be provided on any deferred payments b) legacy of the site, including the bidders proposed scheme and business plan c) timing to exchange of contracts and any further due diligence required d) acceptance and ability to manage the MPS's vacation and proposed vacant possession date and e) overage details.
- 1.11 The deadline for second round bids was 14:00 on 5th November 2014. All bids were to be submitted in hard copy to the offices of JLL. Four second round bids were received. Details of the second round bids are included in Part 2. One un-solicited bid from an un-selected first round bidder was received on 6th November 2014. This bid was deemed non-compliant.
- 1.12 Following the evaluation process adopted for the selection of second round bidders and with advice from external consultants JLL two bidders were invited to provide best and final bids by 14:00 on 10th November 2014. Details of the third round bids are included in Part 2.

## **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 The sale proceeds will support the 2016-17 capital programme. The disposal contributes to the Major Building Strategy and resulting revenue savings will be reported in the Major Building Strategy Update at JAMP in November 2014.

## **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

The decision has been signed following receipt of the final bids. Details of the successful bidder will be published on exchange of contracts.

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:**

		<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 MPS/TfL [delete as applicable] legal team has been consulted on the proposal. OR Legal advice is not required.		✓
<b>Financial Advice:</b> The Head of Strategic Finance and Resource Management has been consulted on this proposal.		✓
<b>Equalities Advice:</b> Equality and diversity issues are covered 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**