

GREATER LONDON AUTHORITY

REQUEST FOR DEPUTY MAYOR FOR FIRE & RESILIENCE DECISION – DMFD10

Title: Disposal of Former Southwark Fire Station and Training Centre

Executive Summary:

This form asks the Deputy Mayor to consent to the London Fire Commissioner's decision to complete the disposal of the former Southwark Fire Station and Training Centre.

London Fire Commissioner (LFC) report LFC-0054x sets out the specific actions that will be taken to complete of the transaction with the purchaser (Hadston):

- Vary the existing sale contract with Hadston, to reduce the price from £54 million to £42.255 million, by way of a Deed of Variation.
- At Hadston's election (by notice served on the London Fire Commissioner), to split the transaction into two parts, whereby the residential element of the scheme is sold to Hadston on a freehold basis and the school section is disposed of via a long leasehold interest being granted to the Education and Skills Funding Agency (ESFA).
- Conclude the parts of the transaction which relate to the Grotto as described in paragraphs 11–14.
- Progress the detailed work which is necessary in order to effect completion as soon as is practicably possible.

It is envisaged that all necessary matters will be completed by the end of September 2018.

Decision:

The Deputy Mayor for Fire and Resilience consents to the London Fire Commissioner's decision to:

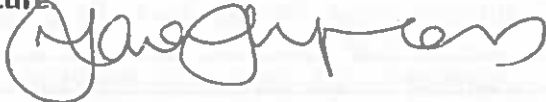
Complete the disposal of the former Southwark Fire Station and Training Centre on the basis set out in report LFC-0054x and at paragraph 2.3 of this Decision.

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:

19th September 18

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

Decision required – supporting report

1. Introduction and background

- 1.1. The Mayoral Directions of 26 March (MD1486) and 27 April 2015 (MD1497), together with the letter from the former Mayor to the London Fire and Emergency Planning Authority ('LFEPA' or 'the Authority') dated 18 May 2015 and the letter sent on behalf of the current Mayor dated 9 September 2016, directed the Authority to enter into the sale contract with Hadston, which was to complete on the grant of a satisfactory planning consent, by no later than 29 October 2017.
- 1.2. Hadston approached the Authority prior to the expiry of the above deadline and requested an extension to the long stop date in the sale contract until 31 March 2018. That was on the basis that, although their planning application was originally submitted in early 2017, it was taking much longer than they originally anticipated to resolve all of the relevant planning issues with the London Borough of Southwark (LB Southwark) and the Greater London Authority (GLA). That request (and the Mayoral letter authorising the administrative amendment to the direction) were considered by LFEPA's Resources Committee on 3 November 2017 (FEP 2796) and approved, on the basis that it represented the best chance of securing the sale of the property at the highest price, in the shortest timeframe.
- 1.3. For the reasons which are referred to in paragraph nine of report LFC-0054x to the London Fire Commissioner (appended), Hadston did not actually progress the completion of a deed of variation for the extension to the long stop date in the sale contract. Hence the sale agreement remains in place, albeit that an acceptable planning consent was not obtained by the deadline of 29 October 2017. Hadston subsequently made a request to extend the long stop date for completion of the sale contract to 31 July 2018, which was approved by LFEPA's Resources Committee on 16 March 2018 (FEP2832). Again, for the reasons stated in the report, Hadston did not progress the completion of the deed of variation to the sale contract, to document that extension but officers are working to complete the sale as quickly as possible following the 31 July deadline.

2. Completing the transaction

- 2.1. The report to the Commissioner notes that in recent weeks, Hadston have been keeping the Commissioner updated on the difficulties they are having in resolving their negotiations with Education and Skills Funding Agency (ESFA) in connection with the school's final commitment to the transaction and the impact which that has had on Hadston securing funding for the deal. At one point, Hadston made a request for a deferment of one year to the period in which completion is to take place. Officers informed them that their suggestion was completely unacceptable to the Commissioner. Hadston moderated their request to a deferment for completion of up to three months. Officers and advisers consider this to be reasonable and recommend that it should be accepted, subject to the Commissioner receiving 'best consideration' for this last-minute change to the terms of the deal. It is considered appropriate for Commissioner to charge Hadston interest, at 4% over base rate (the rate which is prescribed in the existing sale contract), for the period of delay in the Commissioner receiving any completion monies which would otherwise have been due in accordance with the terms of the existing contract.
- 2.2. Adopting the expected completion figure of £31,877,500 and at an interest rate of 4.75% per annum (4% over the current base rate), that produces a daily interest payment to the Commissioner of £4,148 and a total figure of just over £375,000 should Hadston use the full three months deferment period. In addition, the Commissioner should have the right to determine the sale contract, in the event that Hadston fail to complete the transaction within the extended long-stop date which they are seeking.

2.3. The appended report LFC-0054x provides an update on the planning position; implications to the Commissioner for the purchase price; and a description of other changes to the Hadston transaction. It proposes the London Fire Commissioner gives approval to the Assistant Director, Technical and Commercial to complete the transaction with Hadston for the sale of the premises on the following basis:

- Vary the existing sale contract with Hadston, to reduce the price from £54 million to £42.255 million, by way of a Deed of Variation.
- At Hadston's election (by notice served on the London Fire Commissioner), to split the transaction into two parts, whereby the residential element of the scheme is sold to Hadston on a freehold basis and the school section is disposed of via a long leasehold interest being granted to the Education and Skills Funding Agency (ESFA).
- Conclude the parts of the transaction which relate to the Grotto as described in paragraphs 11–14.
- Authorise Officers and their consultants to progress the detailed work which is necessary in order to effect completion as soon as is practicably possible. It is envisaged that completion of all matters should take place by the end of September 2018. Specifically, Hadston's request for a deferral in the period for completion of up to three months should be accepted, subject to a provision being added to the sale contract which permits LFC to charge Hadston interest at the rate specified in the contract during the period of delay in receipt of any completion monies.

3. Objectives and expected outcomes

3.1. In line with the Mayor's Directions, the recommendations to the Deputy Mayor for Fire and Resilience and to the London Fire Commissioner ensure that the Commissioner is able to complete the disposal of the former Southwark Fire Station and Training Centre, allowing for the delivery of a new community school and the achievement of best consideration to the Commissioner.

4. Equality comments

4.1. The Public Sector Equality Duty – and the potential impacts of this decision on those with protected characteristics (age, disability, gender reassignment, pregnancy and maternity, race, gender, religion or belief, sexual orientation) – has been considered by the London Fire Commissioner and the Deputy Mayor for Fire and Resilience. No impacts have been identified.

5. Other considerations

5.1. None.

6. Financial comments

6.1. Report LFC-0054x notes that the sale price of the property is to be reduced from £54 million to £42.255 million, following a change to ensure the proposal complies with affordable housing requirements. The Mayor's Budget for 2018–19 included additional business rates funding for the Commissioner of £11.745million, on a one-off basis, spread over the 2018–20 financial years, to reflect the above reduction. The Mayor's budget report stated that this additional business rates funding is temporary and pending the Commissioner's potential capital receipt for the London Fire Brigade's former headquarters at Albert Embankment. If the capital receipt for the sale of that site meets or exceeds the £11.745 million, then the temporary funding will be returned to the GLA. If that capital receipt does not arise, then the additional one-off GLA funding will be made permanent.

7. Legal comments

- 7.1. 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.
- 7.2. By direction dated 1 April 2018 (MD2260), 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").
- 7.3. 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 or leasehold interest in land...*".
- 7.4. This decision seeks the Deputy Mayor's approval for the London Fire Commissioner to complete the transaction with Hadston for the disposal of the former Southwark Fire Station and Training Centre on the basis established within paragraph 2.3 of this report.

Appendices and supporting papers:

LFC-0054x – 'Disposal of Former Southwark Fire Station and Training Centre'

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? NO

If YES, for what reason:

Until what date: (a date is required if deferring)

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

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

✓

Assistant Director/Head of Service

Tom Middleton 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 17 September 2018.

EXECUTIVE DIRECTOR, RESOURCES:

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

Signature

M. D. RLC

Date

17.9.18

