

## REQUEST FOR DMPC DECISION – PCD 255

**Title:** Request for approval to dispose of additional surplus real estate assets 2017/18

### Executive Summary:

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

### Recommendation:

The Deputy Mayor for Policing and Crime is asked to

1. Approve the proposal to market for sale two residential properties;
2. Note that 11 individual residential properties each with a market value of less than £1 million are to be sold by the MPS in line with the delegations contained within the MOPAC Scheme of Consent and Delegation;

### 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** *Spue Wenden*

**Date** *20/9/17*

## **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 any sales with a value under £1 million may be completed by way of delegated powers and reported retrospectively via the appropriate Estates Update Paper 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.
- 1.2. The 2017/18 Capital Programme assumes capital receipt funding of £274m.

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

- 2.1. The two residential sites, 29 and 30 Canonbury Park North, with a value in excess of £1m are vacant and surplus to requirements. These will be marketed and sold.
- 2.2. In addition, there are a further 11 sites each with a value below £1m which are surplus. These will be disposed of via public auction.

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

- 3.1. The sites noted above are expected to generate capital receipts estimated at £6.9m which will contribute to the 2017/18 target of £274m to help fund the capital programme.
- 3.2. The aggregated revenue costs in a full year of the maintenance and rates for the properties to be sold is £14k.

#### **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.

#### **Equality Comments**

- 4.5. There are considered to be limited equality or diversity issues arising as a result of these proposed disposals.
- 4.6. For buildings which previously had front counters the local community, stakeholders and GLA link member have been engaged and consulted, as appropriate.

## **5. Background/supporting papers**

### **Annex 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:

**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:**

		<i>Tick to confirm statement (✓)</i>
<b>Head of Unit:</b> The Chief Finance Officer 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 legal team has been consulted on the proposal.		✓
<b>Financial Advice:</b> The Strategic Finance and Resource Management Team 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 Executive 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

*R. Lawrence*

Date

*19/9/17*

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

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

### **Summary**

This report identifies two additional residential properties that have been identified as surplus to requirements by the MPS and seeks MOPAC approval to market for sale and dispose of the properties in 2017/18.

The capital receipts generated through the disposal of these properties will support the Capital Programme. Neither property has public facing functions.

### **A. RECOMMENDATIONS - That the Deputy Mayor:-**

1. **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;**
2. **Approve the proposal to dispose and market for sale the two residential properties detailed in Exempt Appendix 1;**
3. **Note that circa 11 individual residential properties each with a market value of less than £1 million are to be sold by the MPS in line with the delegations contained within the MOPAC scheme of consent and delegation. Those currently confirmed as surplus are detailed in Exempt Appendix 2. Further individual residential properties with a value less than £1 million may become surplus during the course of 2017/2018;**
4. **Note the capital receipts generated through the disposal of these properties will support the 2017 / 2018 Capital Programme;**
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**

### **B. SUPPORTING INFORMATION**

1. **The two residential properties detailed in Exempt Appendix 1 are now vacant, and in line with the Residential Estate Strategy, the properties have been designated as surplus to requirements. The properties have no public facing function.**
2. **The residential estate strategy review includes the principle that surplus residential assets be released in accordance with best practice and in terms of asset management planning for the operational police estate. The Director of Property Services is**

authorised to implement the strategy and this report confirms the properties have been identified as surplus to requirements.

3. Those residential properties with a value in excess of £1 million will be marketed and sold in accordance with the established disposal procedures for private treaty sales. Those vacant residential properties with a value under £1million will be disposed of through public auction.

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

### **Equality and Diversity Impact**

1. In the event of residential redevelopment of the properties the provision of affordable housing accommodation at a site will need to meet the requirements of the Local Planning Authority as and when planning consent is granted for development.
2. Following on from an Initial Impact Assessment screening completed on residential properties, no Equality and Diversity impacts have been identified.

### **Financial Implications**

#### **Capital Implications**

3. It is estimated that the proposed disposals will generate a capital receipt of £2.4m with proceeds contributing to the funding of the capital programme

#### **Revenue Implications**

4. The proposed disposal will deliver revenue savings of £3,000 per annum (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. 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.
6. The report confirms the properties are surplus to requirements and the proposed method of sale will secure value for money and achieve the best return in all of the circumstances.
7. This report confirms the capital receipt from the property disposals 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.
8. The Deputy Mayor for 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.

9. On the basis of the information contained within this report and discussions with Property Services, DLS are supportive of the proposed recommendations.
10. The disposals will be subject to contract and external lawyers will be instructed through MetLaw (DLS) to complete the conveyance.

### Environmental Implications

11. There are not considered to be any significant environmental implications to these disposals. The table below notes the impact on the MPS of selling these buildings.

	Higher	Lower	No Impact	Mitigation/ management of any higher impact
Level of energy use and associated carbon dioxide emissions			✓	Although the buildings referred to herein are surplus to requirements, their residential use means that in the majority of cases the utilities are paid for by the tenant and the emissions are therefore not included within the MPS footprint. The disposal of these will have no impact on the overall carbon emissions of the MPS. The utilities will be paid for by the MPS in a small number of cases.
Level of water consumption			✓	Although the buildings referred to herein are surplus to requirements, their residential use means that in the majority of cases the utilities are paid for by the tenant and the consumption is therefore not included within the MPS total use. The disposal of

				these will have no impact on the overall water consumption of the MPS. The utilities will be paid for by the MPS in a small number of cases.
Level of waste generation/waste requiring disposal			✓	These buildings are currently vacant and there is no waste.
Level of travel and transport and associated emissions		✓		These building are being disposed of, regular inspections for insurance purposes will cease.
Raw material use and finite resources (use of recycled materials and sustainable alternatives)			✓	Properties will be disposed of.

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 – Senior Asset Manager, Property Services

### **Background Papers**



MOPAC/MPS Estate Strategy 2013-2016 - May 2013

**Abbreviations**

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

