

DMPC Decision – PCD 697

Title: Disposal of Paddington Green Police Station and Section House and part Hendon sites

Executive Summary:

The decision sets out the proposed detail of the final sale arrangements for surplus sites - Paddington Green Police Station and Section House, and two sites at Hendon. These sites have no public access facilities and are not required to support the officer uplift programme. Due to the unique nature of the sites a range of options has been considered for their disposal. The disposals make use of the Greater London Authority (GLA) draft London Plan portfolio approach to achieve the best value for money and deliver the required 50% affordable housing on surplus public land.

Recommendation:

The Deputy Mayor for Policing and Crime is recommended to:

1. Approve the sale of MOPAC's freehold interest in Paddington Green Police Station to Berkeley Homes (Central London) Ltd. in accordance with the Heads of Terms.
2. Approve the sale of MOPAC's freehold interest in two c.1ha sites at Hendon – the Old Driving School & Repository and the remaining land at Rowan Drive, through GLA Land and Property (GLAP), a wholly owned GLA company, in accordance with the Heads of Terms and the process.
3. Note that 50% Affordable Housing will be delivered as an average across all three sites in the two locations meeting Mayoral targets as set out in the draft London Plan and agreed between the Deputy Mayor for Policing and Crime, and the Deputy Mayor for Housing and Residential Development.

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

Sophie Linden

Date

18/02/20

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

1. Introduction and background

- 1.1. Paddington Green Police Station and Section House was initially approved for disposal in March 2018 via PCD 336.
- 1.2. When disposing of land and property, MOPAC has a statutory duty to have regard to the principles of Value for Money. Alternative routes for disposal are considered for each property during its preparation to market for sale.
- 1.3. When bidding on the basis of residential redevelopment, bidders will be asked to acknowledge that when making an offer they have had regard to relevant planning policies, including existing local authority policies on minimum affordable housing requirements, the Mayor's SPG on affordable housing and the draft London Plan. Bidders also will be encouraged to review the GLA funding available for the provision of affordable housing through the Mayor's 'Homes for Londoners: Affordable Homes Programme 2016-2021.'
- 1.4. In considering the twin objectives of delivering value for money from disposals and meeting affordable housing requirements, MOPAC has taken the draft London Plan portfolio approach. This allows for delivery of the requirement of 50% affordable housing on surplus public sector land as an average across more than one site.

2. Issues for consideration

Paddington Green Police Station and Section House

- 2.1. Due to the unique position as a developer of a neighbouring site and restrictive covenants which it holds over the Paddington Green Station site, the developer, Berkeley Homes, is in a unique position to deliver more space by combining the 2 sites and address the restrictive covenants.
- 2.2. Professional advice has been received and peer reviewed. Subsequent discussions with Berkeley Homes have resulted in further improvements to the overall value achieved, and it is recommended that, as Berkeley Homes is in the position of a special purchaser, that an unconditional deal will provide the best value for money to MOPAC.
- 2.3. An independent valuation by Montagu Evans, showed the offer made by Berkeley Homes exceeded their open market valuation.
- 2.4. MOPAC also requested a peer review of all the processes and the inputs from the Infrastructure and Projects Authority (IPA), part of the Cabinet Office, which confirmed that the process undertaken was robust.
- 2.5. The detail of the proposal is set out in the part 2 papers, and in line with the draft London Plan includes the provision of 35% affordable housing up to a development of 451 units, and 50% thereafter on this site with the balance of the affordable housing at

the Hendon sites in order to achieve an average of 50% affordable housing across the portfolio.

Sites at Hendon

- 2.6. The disposal of the two sites at Hendon will be managed by GLA Land & Housing through the wholly owned GLA company, GLAP. MOPAC and GLAP have agreed an open market valuation for the sites which has been confirmed by MOPAC's property advisers as providing value for money. GLAP will offer the sites for sale through the London Development Panel 2 (LDP2) framework.

Portfolio Approach

- 2.7. The draft London Plan sets out a requirement for 50% Affordable Housing to be delivered on all surplus public land. It makes provision for this to be achieved through a portfolio of sites across London. With respect to these sites, a portfolio agreement letter has been exchanged between the Deputy Mayor Planning, Regeneration and Skills and the Deputy Mayor for Policing and Crime that this will be achieved as an average across the Paddington Green and Hendon sites.

3. Financial Comments

- 3.1. The generation of capital receipts from the disposal of these sites will support the capital programme and the re-investment in the retained estate and improvements in the digital infrastructure of the Metropolitan Police Service. The detail of the financial implications are set out in the Part 2 papers.

4. Legal Comments

- 4.1. The functions and duties of MOPAC are set out at section 3(5) to (7) of the Police Reform and Social Responsibility Act 2011 (the 2011 Act). Section 3(6) provides that MOPAC must:

- 4.1.1. secure the maintenance of the metropolitan police force, and
- 4.1.2. secure that the metropolitan police force is efficient and effective.

- 4.2. In addition, paragraph 3 of Schedule 3 to the 2011 Act provides that MOPAC may do anything which is calculated to facilitate, or is conducive or incidental to, the exercise of the functions of the Office which includes acquiring and disposing of property (including land) (paragraph 3(2)(b)).

- 4.3. MOPAC therefore has the power to dispose of land. MOPAC must 'make arrangements for the proper administration of its financial affairs' and must 'secure that one of its officers (its "chief finance officer") has responsibility for the administration of those affairs': section 127(2) of the Greater London Authority Act 1999 (the 1999 Act).

- 4.4. Furthermore, in carrying out its functions (which would include the disposal of land) MOPAC 'must have regard to any financial code of practice issued by the Secretary of State' (section 17(4) of the 2011 Act).
- 4.5. The Home Secretary has issued the 'Revised Financial Management Code of Practice' for the Police Forces of England and Wales' (July 2018) ("the Code"). This provides that the Chief Finance Officer is responsible for "ensuring regularity, propriety, feasibility and value for money in the use of public funds" (paragraph 4.1). Paragraph 12 of the Code provides that 'Achieving value for money bears on nearly all aspects of deployment of public resources: procurement, asset management, disposals, administrative systems and financial arrangements' (emphasis added).
- 4.6. Accordingly, MOPAC must (as a matter of statutory duty) have regard to the principles of Value for Money when making a disposal of land. Value for money can apply to the composite sale of the Hendon sites and the Paddington Green site, which can be looked at together as a package. According to the professional valuation advice received, the proposed arrangements to sell the sites achieve best value for money for MOPAC overall and therefore, the proposals are in accordance with MOPAC's powers.
- 5. Commercial Issues**
- 5.1. The detail of the commercial aspects of this proposal are set out in the Part 2 papers.
- 6. GDPR and Data Privacy**
- 6.1. The proposal does not use personally identifiable data of members of the public, so there are no GDPR issues to be considered.
- 7. Equality Comments**
- 7.1. MOPAC is required to comply with the public sector equality duty set out in section 149(1) of the Equality Act 2010. This requires MOPAC to have due regard to the need to eliminate discrimination, advance equality of opportunity and foster good relations by reference to people with protected characteristics. The protected characteristics are: age, disability, gender reassignment, marriage and civil partnership, pregnancy and maternity, race, religion or belief, sex and sexual orientation.
- 7.2. Paddington Green is currently empty and has no operational use. The two sites at Hendon are either just open land or are facilities that have been replaced by modern buildings. As a result, there are no impacts on equality or diversity arising from this proposal.
- 8. Background/supporting papers**
- 8.1. MPS Part 1 paper.

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

Tick to confirm statement (✓)

Financial Advice

The Strategic Finance and Resource Management Team has been consulted on this proposal.

✓

Legal Advice

The TfL legal team has been consulted on the proposal.

✓

Equalities Advice:

Equality and diversity issues are covered in the body of the report.

✓

Commercial Issues

Commercial issues are set out in the body of the report.

✓

GDPR/Data Privacy

A DPIA is not required.

✓

Director/Head of Service

The Interim Chief Finance Officer has reviewed the request and is satisfied it is correct and consistent with the MOPAC's plans and priorities.

✓

Interim 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



Date

18/02/20





MOPAC Investment Advisory and Monitoring Meeting

Request to Dispose of Paddington Green Police Station and two sites at Hendon

Report by Matthew Punshon on behalf of Robin Wilkinson (Chief of Corporate Services)

This report will be published by MOPAC. It is Classified as OFFICIAL – PUBLIC

EXECUTIVE SUMMARY

The paper seeks approval to progress the sale of Paddington Green Police Station to Berkeley Homes (Central London) Ltd. (Berkeley), on the terms outlined in Part 2 of this paper following an off market negotiation process. The recommendation detailed below represents the best opportunity for maximising the capital receipt from the sale and achieve value for money.

It also seeks approval to progress the sale of the Old Driving School Site and the remaining land at Rowan Drive, both at Hendon, through GLA Land and Property Ltd (GLAP), a wholly owned company by the Greater London Authority. The proposed sale is at a full market value based on the delivery of 50% Affordable Housing and will be brought to market by GLAP through the London Development Panel 2 (LDP2) framework.

Both the transactions are linked through the 'Portfolio Letter' – a formal agreement between the Deputy Mayors of Policing & Crime and Planning & Regeneration. This agreement enables the Mayor's requirement for 50% affordable housing on public land to be met through the delivery of 35% affordable housing on the more valuable Paddington Green site and 60% on the two Hendon sites – overall this will provide an average of 50% across all sites.

This approach maximises value for money to MOPAC required under statute whilst also achieving the 50% affordable housing target across MOPAC's two largest surplus locations.

Recommendations

The Deputy Mayor for Policing and Crime is recommended to:

1. **Approve the sale of MOPAC's freehold interest in Paddington Green Police Station to Berkeley Homes (Central London) Ltd. in accordance with the Heads of Terms outlined in Part 2 of this paper;**

2. Approve the sale of MOPAC's freehold interest in two c.1ha sites at Hendon – the Old Driving School & Repository and the remaining land at Rowan Drive through GLA Land and Property (GLAP), a wholly owned GLA company, in accordance with the Heads of Terms and the process outlined in Part 2 of this paper;
3. Note that 50% Affordable Housing will be delivered as an average across all three sites in the two locations meeting Mayoral targets as set out in the draft London Plan. This has been agreed between the Deputy Mayors of Policing & Crime and Land & Housing;

Time sensitivity

A decision is required from the Deputy Mayor by 14th February 2020 to comply with the terms set out in the proposal.

Non-confidential facts and advice to the Deputy Mayor for Policing and Crime

Introduction and background

1. Paddington Green Police Station & Section House plus both sites at Hendon have been designated surplus to operational requirement by Management Board following approval of the draft Estate Transformation Strategy in February 2018. They are also highlighted as surplus in MOPAC's Public Access Strategy, November 2017. There is no indication from the operations teams that the sites will be required for operational purposes following the recent announcement by the current Prime Minister Boris Johnson for an uplift in Police Officers by 20,000 across the UK in the next 3 years.
2. The front counter and Dedicated Ward Officer Hub at Paddington Green have already been relocated to Church Street (c.200m from Paddington Green PS) and the Emergency Response and Patrol Team operates from Kilburn Police Station. The residents in the section house have been moved to Gilmour Section House. The building is now empty although it remains being used for armed response training.
3. There are two further sites now surplus at Hendon: (i) the old Driving School and Repository site, which has been replaced by the new Driving Academy and the Belvedere storage building due to be opened in the next few months; and (ii) the remainder of the Rowan Drive site which has been cleared of all buildings.
4. MOPAC and their advisers have considered five disposal options ranging from unconditional open market through to the conditional sale of the site to Berkeley Homes.
5. The significant uncertainty with respect to the site also suggests that an unconditional open market disposal (the more standard approach to MOPAC's disposals) will elicit a value substantially less than a conditional approach.

6. The disposal of Paddington Green is an unusual situation. Berkeley Homes are the developer of the neighbouring site; they have a unique position to drive more value on the MOPAC site through being able to develop more space by combining the sites. In addition, as adjoining land owner, they also have a restrictive covenant (dating back to the early part of the twentieth century) on part of the MOPAC land which severely restricts the height of development on the affected part ; they also have claims for rights of light resulting from the development of MOPAC's land (there are mutual rights in both directions which will need resolving).
7. MOPAC's advisers (Knight Frank) have recommended that the neighbouring land owner (Berkeley) is a special purchaser and a sale to them will provide best value for money to MOPAC. A valuation by MOPAC's independent valuers (Montagu Evans) shows the offer made by Berkeley exceeds the likely open market value.
8. Due to the unusual situation, MOPAC requested a peer review by advisers independent of the MOPAC frameworks. This was procured through the Crown Commercial Services (CCS) framework. Cushman & Wakefield provided independent verification of the advice.
9. MOPAC also requested a review of all the processes and the inputs from the Infrastructure and Projects Authority (IPA), part of the Cabinet Office, who confirmed that the process undertaken was robust. Subsequent discussions with the purchaser have resulted in further improvements to overall value achieved.
10. The disposal of the two sites at Hendon will be managed by GLA Land & Housing through the wholly owned GLA company, GLA Land and Property Ltd (GLAP). MOPAC and GLAP have agreed an open market valuation for the sites which has been confirmed by MOPAC's property advisers as providing value for money. GLAP will offer the sites for sale through the London Development Panel 2 (LDP2) framework.
11. The draft London Plan sets out a requirement for 50% Affordable Housing to be delivered on all surplus public land. It makes provision for this to be achieved through a portfolio of sites across London. With respect to these sites, it has been agreed that this will be achieved as an average across the Paddington Green and Hendon sites.

Issues for consideration

12. The sale of the Paddington Green site to Berkeley Homes (Central London) Ltd as a special purchaser.
13. The sale of the Hendon sites through GLA Land & Housing Ltd who will underwrite the value of the site.
14. The delivery of 50% affordable housing as an average across all three sites creating the best opportunity to achieve value for money to support policing in London.

Contributes to the MOPAC Police & Crime Plan 2017-2021¹

15. The Police & Crime Plan 2017 – 2021 has committed to 'invest in the tools they (officers) need to do their job' and invest in core (buildings that are expected to be retained for a minimum of 20 years) buildings 'to create a modern environment for our staff and the public who need our services'.
16. In support of this commitment this report seeks approval to dispose of surplus property, generating capital receipts in support of the capital programme.

Financial, Commercial and Procurement Comments

17. This report seeks approval to dispose of surplus property, generating capital receipts in support of the capital programme. Further detail is set out in Part Two of the report.

Legal Comments

18. 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").
19. 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.
20. Part 2 of the report confirms the property will be disposed of in a manner that represents value for money and that the disposal 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

21. The Equality Act 2010, specifically Section 149 Public Sector Equality Duty (PSED), requires the MPS as a public service to take equalities into account when making a 'proposal'. The Duty requires us to:
 - Eliminate discrimination, harassment and victimisation and any other conduct that is prohibited by or under the Act;
 - Advance equality of opportunity between people who share a relevant protected characteristic and people who do not share it;
 - Foster good relations between people who share a relevant protected characteristic and those who do not share it.
22. Paddington Green is currently empty and has no operational use. The two sites at Hendon are either just open land or are facilities that have been replaced by modern buildings. As a result, there are no impacts on equality or diversity from this decision.

¹ [Police and crime plan: a safer city for all Londoners | London City Hall](#)

Privacy Comments

23. This request will not involve the processing of personal data.

Real Estate Implications

24. This decision supports the delivery of the targets for savings and receipts from disposals.

Environmental Implications

25. The disposal of the properties will result in a net reduction in energy use, carbon emissions, water consumption, waste arisings, and resource use, although there will be some displacement of environmental impacts to receiving buildings. There will be a one-off occurrence of waste resulting from the building decant process which will be managed in line with guidance aimed at ensuring the waste hierarchy is followed (reduce, reuse, recycle). Travel and transport will remain largely unchanged and displaced to the receiving sites.

Background/supporting papers

None

Report author: Matthew Punshon (PSD)

