

REQUEST FOR DMPC DECISION – PCD 336

Title: Property Disposals 2018/19

Executive Summary:

This paper seeks approval for the disposal of and marketing for sale of a number of surplus sites in order to generate capital receipts to support the future capital investment programme and reduce running costs. In order to achieve its duty of best value the method of disposal for each property will be considered during the preparation for marketing.

Recommendation:

The DMPC is asked to

1. Approve the proposal to market for sale six surplus sites;
2. Note that 2 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

Stephen Hender

Date

22/3/18

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 the disposal of all properties with an estimated value of £1m or above require MOPAC approval on a case by case basis before the property is marketed. Any proposed sales with a value under £1 million may be completed by way of delegated powers and reported retrospectively. 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.

2. Issues for consideration

- 2.1. There are 6 operational sites which are expected to become surplus during 2018/19 and for which authority is sought to market and dispose of. The disposal of these sites supports the Police & Crime Plan by generating receipts to re-invest in the retained estate and so supporting the objective that "officers are given the tools to do their job". In addition, the disposals reduce annual revenue costs, and avoid future investment commitments.
- 2.2. Migration to alternative accommodation if not already complete will occur prior to completion of the sale of the properties. Only Paddington Green Police Station has a public access function, and as previously approved [PCD 155] this front counter, and space for Dedicated Ward Officers, is already planned to be relocated to nearby Church Street.

Site	Borough
Paddington Green Police Station	Westminster
Cray Police Office	Bromley
Camberwell Police Station	Southwark
Tooting Police Station	Merton
Greenford Police Station	Ealing
Lippitts Hill	Epping

- 2.3. In order to achieve MOPAC's obligation on best value, the alternative routes/approaches for disposal will be considered for each property during its preparation to market for sale.
- 2.4. 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. Parties 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.'
- 2.5. In addition, there are a further 2 sites each with a value below £1m which are surplus and are to be disposed of.

3. Financial Comments

- 3.1. The sites noted above are expected to generate capital receipts as set out in Part 2 and which will contribute to the overall capital receipts target of £479m 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 £3.1m.

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 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 no equality or diversity issues arising as a result of these proposed disposals.

5. Background/supporting papers

Appendix 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:

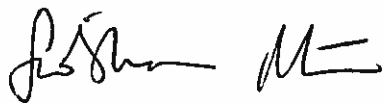
	Tick to confirm statement (✓)
Head of Unit: The Chief Finance Officer has reviewed the request and is satisfied it is correct and consistent with the MOPAC's plans and priorities.	✓
Legal Advice: The MPS legal team has been consulted on the proposal.	✓
Financial Advice: The Strategic Finance and Resource Management Team has been consulted on this proposal.	✓
Equalities Advice: Equality and diversity issues are covered in the body of the report.	✓

OFFICER APPROVAL

financial officer
Chief Executive

in delegated duty
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 04/04/18

**MOPAC**MAYOR OF LONDON
OFFICE FOR POLICE, CRIME AND LIAISON**REQUEST FOR APPROVAL TO DISPOSE OF
SURPLUS REAL ESTATE ASSETS - 2018 / 2019****Report by the Director of Property Services on behalf of the Deputy
Commissioner****Executive Summary**

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'.

In support of this commitment this report seeks approval to dispose and market surplus properties, generating capital receipts in support of the capital programme.

MOPAC have a statutory duty to achieve best value for its land in order to deliver 'efficient and effective policing'. In order to help achieve wider GLA objectives for the delivery of affordable housing in London, bidders for the properties, when bidding on the basis of residential development, 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. Parties 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.'

A. RECOMMENDATIONS - That the DMPC:-

- 1. Approve the disposal and marketing for sale of the properties detailed in this paper.**
- 2. Note the 2017/18 to 2022/23 capital receipts target is £479m as included in the draft budget submission submitted to MOPAC in November 2017 and is to be generated through the disposal of surplus real estate assets.**
- 3. Note the disposal of these properties will generate estimated receipts as detailed in Part 2 in support of the 2018/19 Capital Programme as well as contributing £3.1M p.a to the £56M target revenue savings through a reduction in running costs.**

4. Note that all the properties included in this paper were identified for closure and disposal in the MOPAC/MPS Public Access Strategy Published in November 2017
5. Note that further approval may be sought for the disposal of additional properties in 2018/19 to support the delivery of the MOPAC/MPS Estate Strategy 2017-2021

B. SUPPORTING INFORMATION

1. The draft MOPAC/MPS Estate Transformation Strategy 2017-2021 has a strategic objective of delivering a more efficient and higher quality estate which meets the operational needs of the MPS and is significantly lower in costs to run. Receipts generated through the disposal of surplus assets are reinvested to meet ongoing operational needs.
2. The following properties have been identified as surplus in the year 2018/19 and are recommended for disposal. Further detail is provided in Part 2 (Exempt). The estimated capital receipts from the sale of these properties are shown in Part 2 (Exempt). These must be treated as a guide only; all figures are subject to prevailing market conditions. This paper seeks approval to the marketing and sale of these properties.

Paddington Green Police Station	Westminster
Cray Police Office	Bromley
Camberwell Police Station	Southwark
Tooting Police Station	Merton
Greenford Police Station	Ealing
Lippitts Hill	Epping
2 Residential Units	Pan London

3. The front counter and Dedicated Ward Officers currently located at Paddington Green Police Station are to be relocated to nearby Church Street by June 2018 at which point the building will be completely vacant. None of the other properties have public facing functions. Those properties with front counters that have been identified as surplus are subject to further consideration and subsequent request for disposal, if appropriate, will be submitted.
4. Migration to alternative accommodation if not already complete will occur prior to completion of the sale of the properties. Where possible the period between the property being exited and the sale being completed will be minimised. This provides the benefit to MOPAC of minimising the holding costs of the vacant property. In some instances a sale contract structured to complete only once alternative provision is in place and the property has been vacated may offer greater opportunity for a purchaser to seek a beneficial planning consent whilst the property remains occupied. This has the potential advantage to the purchaser of reducing its own holding costs for the property before planning

consent is obtained. Any such savings would be reflected in the price the purchaser would be prepared to pay for the property.

5. Subject to approval to proceed with the disposals, and in accordance with the 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 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.
6. All former operational properties that are surplus to operational requirements, and those residential properties with a value in excess of £1 million, are marketed and sold in accordance with the established disposal procedures for private treaty sales. Sites are marketed for a minimum of four weeks, with advertisements placed in the national and local property press, and where possible a board placed on site. Previously, MOPAC have sought best bids, unconditional upon the receipt of planning permission.
7. Each property will be analysed to consider the method and approach to sale. Generally, conditional bids (i.e. subject to the grant of town planning consents) are not usually invited as part of the disposal process, as there are a number of disadvantages in accepting such offers. In order to achieve MOPAC's obligation to achieve best value, alternative routes/approaches will be considered during preparation to market for sale, including use of the GLA's London Development Panel.
8. Any offers considered must reflect MOPAC's standard requirement for a five year forward sale claw-back clause. This is to enable MOPAC to benefit in any uplift in value in the event that the purchaser subsequently sells the property at a price in excess of that paid to MOPAC within an agreed period of time. Where appropriate, planning "overage", enabling MOPAC to share in the value of a larger than anticipated planning consent, is also put in place.
9. MOPAC have a statutory duty to achieve best value for its land in order to deliver 'efficient and effective policing'. In order to help achieve wider GLA objectives for the delivery of affordable housing in London, bidders for the properties, when bidding on the basis of residential development, 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. Parties 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

C. OTHER ORGANISATIONAL & COMMUNITY IMPLICATIONS

Equality and Diversity Impact

1. There are considered to be limited equality or diversity issues arising as a result of these proposed disposals.

Financial Implications

Capital Implications

2. It is estimated that the proposed disposals will generate capital receipts as detailed in Part 2 as included in the draft budget submission submitted to MOPAC in November 2017, contributing to the overall capital receipts target of £479M (including optimism bias).

Revenue Implications

3. The proposed disposals will deliver an annual saving of £3.1M through reduced running costs as included in the draft budget submission submitted to MOPAC in November 2017, and contributing towards the Estates Transformation £56M revenue savings. 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

4. There are no direct legal implications arising from the recommendations contained within this report, which seeks approval from MOPAC to dispose of the properties in principle and to the marketing of the properties for sale as detailed in this report.
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").
6. 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.
7. With the exception of disposals felt to be of an exceptional nature because of particular sensitivities or potential public interest, the MOPAC Scheme of Delegation and Consent provides the Director of Property Services with authority to dispose of land or property with an estimated value of £1M or above which have previously been approved by the DMPC when the property is being disposed of to the highest bidder and the price equals or exceeds the agreed estimate, notifying the DMPC in writing of the disposal.
8. The MOPAC Scheme of Delegation and Consent provides the Director of Property Services with authority to dispose of land or property on behalf of the MOPAC in accordance with the Estate Strategy for all transactions with an estimated value of less than £1 million and which have no public interest issues arising. The delegated authority is subject to the DMPC approving an annual

schedule of all the surplus properties for disposal submitted at the beginning of the financial year. Approval of the surplus properties, attached at Part 2, will enable the Director of Property Services to instigate the disposal process for those respective properties in line with the established procedures set out in this report.

9. The report confirms the individual properties will be marketed and disposed of in an open and transparent manner and 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.
10. Further reports to MOPAC or to the Director of Property Services may be required in order to progress to the final disposals.

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		✓		The combined sales of the properties will result in an annual reduction in carbon emissions, although some of this will be displaced to receiving buildings based on previous annual tonnages of carbon emissions associated with energy use from these buildings. The phased exit of surplus buildings that will lead to a reduction in floor space and increased occupancy in remaining building will also assist with the adherence with MPS targets to consider and reduce our environmental impacts in line with Mayoral objectives and

				compliance with Social Value Act 2012
Level of water consumption		✓		The buildings referred to herein are surplus to requirements. There will be a reduction in MPS water consumption, although some consumption may be displaced to receiver buildings.
Level of waste generation/waste requiring disposal			✓	The buildings referred to herein is surplus to requirements. Whilst there is a reduction in MPS waste from the sites waste production may be displaced to receiver buildings. There will be a one-off occurrence of waste resulting from the MPS decanting the building; this will be dealt with in line with the MPS Waste SOP and CRE Waste Disposal Guidelines (currently being updated) to ensure the waste hierarchy is followed (reduce, reuse, recycle).
Level of travel and transport and associated emissions		✓		The buildings are being disposed of and all MPS visits to the properties will cease. Travel and transport will be displaced to other sites.
Raw material use and finite resources (use of recycled materials and sustainable alternatives)			✓	Properties will be disposed of. Some resource use will be displaced to receiver sites.

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 - Asset Management, Property Services

Background Papers

The Mayor's Office for Policing and Crime and Metropolitan Police Service
Public Access Strategy – November 2017

Part 2 – This section refers to the details of the Part 2 business case which is NOT SUITABLE for MOPAC Publication.

The Government Security Classification marking for Part 2 is:
OFFICIAL-SENSITIVE [COMMERCIAL]

Part 2 of Request for Approval to Dispose of Surplus Real Estate Assets – 2018/2019 is exempt from publication for the following reasons:

Exempt under Article 2(2)(a) of the Elected Local Policing Bodies (Specified Information) Order 2011 (Data Protection Section 43 – Commercial Interests).

The paper will cease to be exempt until 31st March 2021.

