


Individual Mayoral Decision 15 March 2017	 TOWER HAMLETS
Report of: Corporate Director, Place	Classification: Unrestricted
Purchase of 99 St Paul's Way, E3 4AJ	

Lead Member	Councillor David Edgar, Cabinet Member for Resources
Originating Officer(s)	Richard Chilcott, Head of Asset Management.
Wards affected	Mile End
Key Decision?	Yes
Community Plan Theme	One Tower Hamlets

Executive Summary

99 St Paul's Way, E3 4AJ was vacated by a General Practice surgery that previously occupied the premises. The council has been negotiating with NHS Property Services about the potential purchase of the property. The site is of local strategic importance and could potentially deliver a number of facilities including council homes, community facilities and/or provide sixth-form facilities for nearby St Paul's Way Trust School. This reports sets out the outcome of those negotiations and seeks Mayoral authority to proceed with the purchase.

Some confidential information is set out in an accompanying exempt report by the same title.

Recommendations:

The Mayor is recommended to:

1. Agree to the purchase of the freehold of 99 St Paul's Way, E3 4AJ, for the price set out in the accompanying restricted report;
2. Adopt the capital estimate and to approve the necessary capital programme reprofiling set out in the accompanying restricted report for the purchase of the site and associated acquisition costs including Stamp Duty Land Tax, land registry fees, legal and professional fees;
3. Authorise the Corporate Director, Property, after consultation with the Divisional Director, Legal Services, to agree the final terms and conditions

of the agreement; and

4. Authorise the Divisional Director, Legal Services, to execute all necessary documents to implement this decision.

1. REASONS FOR THE DECISIONS

- 1.1 To secure a site that is of local strategic significance.
- 1.2 To secure a site for the delivery of a number of facilities including council homes, community facilities and/or educational facilities.
- 1.3 Purchasing the site through private negotiation means the council does not have to compete in the open market with a range of other potential purchasers.

2. ALTERNATIVE OPTIONS

- 2.1 The Mayor could decline to authorise the purchase of the site. However, this would result in the council not being able to use the site for the provision of new homes and facilities for local residents.

3. DETAILS OF REPORT

- 3.1 99 St Paul's Way, E3 4AJ, is a 0.118 hectares site that contains a now-vacant doctor's surgery. The site is bounded to the east by Shelmerdine Close (with St Paul's Way Trust school on the other side of the road), to the south by St Paul's Way, and to the east by Geoff Cade Way.
- 3.2 As part of the process of agreeing a sale price, the council appointed Bilfinger GVA to represent the council in negotiations with NHS Property Services, who were represented by Montague Evans.
- 3.3 The respective agents were asked to reach agreement on what the Heads of Terms (including the price) should state. Their approach was based on the Royal Institution of Chartered Surveyor's Valuation Professional Standards, and this included the production of a red book valuation.
- 3.4 The outcome of those negotiations is set out in the accompanying exempt report. Those Heads of Terms have been provisionally agreed by the council and NHS Property Services, subject to contract and securing the necessary approvals (including this Mayoral decision).
- 3.5 Purchasing the site will secure it for the delivery of the council's strategic priorities. This will include the provision of council housing. In addition, the site may potentially also incorporate an extension of the St Paul's Way Trust School as well as community facilities.

- 3.6 The redevelopment will still be subject to the planning process, including public consultation. The purchase of this site does not fetter the discretion of the council when it acts as the local planning authority.
- 3.7 The site is ideally located in relatively close proximity to the local amenities of Mile End. It is immediately surrounded by a number of larger-scale developments, which demonstrates the strong appetite for housing in this area.
- 3.8 The redevelopment will aim to deliver housing units that reflect current planning and housing policy, including unit sizes, unit mix, and rental levels. More information on this, including the outcome of the options appraisal the council carried out, is set out in the accompanying exempt report.
- 3.9 It should be noted that – according to the 2011 Census – households in the ward (Mile End) are, on average, bigger than the Tower Hamlets and London averages. In addition, 21% of households in the ward are overcrowded in comparison 16% of households in Tower Hamlets and 11% of London households that are overcrowded.
- 3.10 St Paul's Way Trust School has approached the council about potentially locating a sixth form facility on the site. This will be subject to further discussions with the school and is also the subject of a funding bid to the Education Funding Agency.
- 3.11 In addition, the site could be used for the provision of community facilities, possibly including changing rooms for the school and community sports facilities.

4. COMMENTS OF THE CHIEF FINANCE OFFICER

- 4.1 This report seeks the approval of the Mayor to the purchase of the site of the former General Practitioner's surgery at 99 St Paul's Way; the adoption of a capital estimate to cover the purchase price and associated costs such as Stamp Duty Land Tax (SDLT) and professional fees; and the reprofiling of the Housing Revenue Account capital programme to enable approved resources to be brought forward in order to fund the acquisition in the 2016-17 financial year.
- 4.2 Detailed financial comments are included within the accompanying exempt report.

5. LEGAL COMMENTS

- 5.1 The report seeks approval for the freehold acquisition of the property on terms set out in accompanying restricted report.
- 5.2 Local authorities have powers pursuant to section 120 Local Government Act 1972 to acquire by agreement any land inside or outside its area for the purposes of exercising their functions under any enactment or for the benefit, improvement or development of its area.
- 5.3 Furthermore, section 12 of the Local Government Act 2003 gives local authorities powers to invest for any purpose relevant to its functions or for the purposes of the prudent management of its financial affairs. The Council in exercising such powers must do so in a fiduciary manner.
- 5.4 The Council is obliged as a best value authority under section 3 of the Local Government Act 1999 to “make arrangements to secure continuous improvement in the way in which its functions are exercised having regard to a combination of economy, efficiency and effectiveness’. The report details suggest the proposed acquisition will secure the objectives set out in the 1999 Act and the fulfilment of this duty is further addressed in paragraph 7 below.
- 5.5 The Council is required when exercising its functions to comply with the duty set out in section 149 of the Equality Act 2010, namely to have due regard to the need to eliminate unlawful discrimination, advance equality of opportunity between those who share a protected characteristic and those who do not, and foster good relations between those who share a protected characteristic and those who do not. How this duty is met is addressed in the paragraph 6 below.

6. ONE TOWER HAMLETS CONSIDERATIONS

- 6.1 The purchase of this site will help the council deliver Strategic Plan objectives including an improved local environment, better quality homes for all, and younger people realising their potential.
- 6.2 Any income that is generated following the redevelopment of the site will be applied to council priorities.

7. BEST VALUE (BV) IMPLICATIONS

- 7.1 The proposed private/direct negotiation transaction represents a good investment on the council’s part. By purchasing through this mechanism, the

council is able to rely on a 'red book' valuation rather than open market testing. This allows the council to purchase the property for a fair price without it being driven up through a bidding process.

8. SUSTAINABLE ACTION FOR A GREENER ENVIRONMENT

- 8.1 Any new development will be of a significantly higher environmental standard than the existing building on the site.

9. RISK MANAGEMENT IMPLICATIONS

- 9.1 By the leasing of the retail parade to a balanced mix of retail providers this will create a robust nucleus of activity to weather future community or macro-economic influences.

10. CRIME AND DISORDER REDUCTION IMPLICATIONS

- 10.1 Vacant properties can become magnets for antisocial behaviour or criminal activities. This includes the risk of the property becoming squatted. The council will mitigate this risk by purchasing the site, redeveloping it, and bringing it back into active use.
- 10.2 The future redevelopment of the site will have to be the subject of a planning application; crime prevention matters such as access control, boundary treatments, permeability, physical security and passive surveillance will be considered at the appropriate juncture.

11. SAFEGUARDING IMPLICATIONS

- 11.1 There are no immediate safeguarding implications arising from the proposals.
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Linked Reports, Appendices and Background Documents

Linked Report

- Purchase of 99 St Paul's Way, E3 4AJ (Exempt)

Appendices

- None

Background Documents – Local Authorities (Executive Arrangements)(Access to Information)(England) Regulations 2012

- None.

Officer contact details for documents:

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