

Cabinet	 TOWER HAMLETS
8 September 2021	
Report of: Ann Sutcliffe Corporate Director of Place	Classification: Unrestricted
Disposal of 122 Back Church Lane, E1 1NY	

Lead Member	Councillor Bustin, Cabinet Member for Planning and Social Inclusion
Originating Officer(s)	Stephen Shapiro – Interim Head of Asset Management Thomas Parsonage – Interim Asset Manager
Wards affected	Whitechapel
Key Decision?	Yes
Reason for Key Decision	Financial threshold
Forward Plan Notice Published	12 July 2021
Strategic Plan Priority / Outcome	A Borough that our residents are proud of and love to live in.

Executive Summary

122 Back Church Lane is a former school building which has been vacant for over 10 years. The site is on the eastern side of Back Church Lane towards the northern end of the road (edged red on the plan). A derelict school building currently occupies approximately half the site. The school to the south, with its main frontage onto Fairclough Street is Harry Gosling primary School. The school to the east of the site, with access onto Henriques Street is London East Alternative Provision - Tommy Flowers Centre (see Appendix 1).

A feasibility study has been undertaken in order to determine the potential development value of the property with the special assumption that planning permission has been achieved in each case.

The purpose of this report is to receive authority to dispose of 122 Back Church Lane, London, E1 1NY.

Recommendations:

The Cabinet is recommended to:

1. Provide authority to market and dispose of the vacant 122 Back Church Lane site on a freehold basis
2. Authorise the Corporate Director of Place to determine the best route to market.
3. To note the Equalities Impact Assessment.

1 REASONS FOR THE DECISIONS

- 1.1 The site has not been used for any purpose for over 10 years and therefore the site should be held surplus and disposed to benefit from a capital receipt.
- 1.2 External consultants Copping Joyce have reviewed the architect's feasibility study and provided 8 different development scenarios. It is anticipated that the sale price will exceed £1m and therefore the freehold disposal will require Cabinet approval at the relevant time.
- 1.3 A planning pre-application advice meeting was held on 19.03.2021 with mixed feedback regarding the two favoured options presented to the Planning Team. Whilst consideration was given to undertaking a further pre-application exercise, Copping Joyce have advised there is no merit in achieving planning permission before the disposal and therefore the early feasibility/drawings commissioned are sufficient in order to achieve a favourable sale price.
- 1.4 When the vacant building is disposed of the buyer will re-develop the site into commercial, residential, or potentially mixed-use accommodation. This may provide new homes for the Borough and/or employment space.

2 ALTERNATIVE OPTIONS

- 2.1 The existing building could be converted into residential accommodation. However the relatively low number of units achievable (4-6) and high cost of conversion means the project is unviable.
- 2.2 Leave the site vacant and unused for the foreseeable future. The vacant site results in expensive security provisions and is likely to attract anti-social behaviour.

3 DETAILS OF THE REPORT

- 3.1 This site has been identified as surplus land as at the Asset Maximisation board in June 2020, and instructions were subsequently issued to Copping Joyce to undertake a valuation.
- 3.2 As part of this Copping Joyce undertook 8 different scenarios which provided a broad price range of between £730k - £1.8M. The lower end was for refurbishment of the existing building and conversion into 3 two bed apartments. The higher end was for a larger development of 3 one bed plus 6 two bed apartments. Neither of the scenarios currently have planning permission.
- 3.3 By openly marketing this property buyers will compete through private treaty or auction and best consideration will be achieved. The final sale price will depend upon the assumptions and planning risk each bidder makes during the marketing process.
- 3.4 Both are considered suitable routes to market as auction opens it up to the pressure in the sale room however this is potentially hampered by way of a reduced marketing period.
- 3.5 Conversely Private Treaty will take considerably longer with multiple rounds being anticipated, and several offers are likely to be subject to planning which is something that will sought to be avoided by seeking unconditional offers only with an overage option, which is not possible at auction.
- 3.6 It is considered that both options will facilitate the Councils fiduciary obligation to secure best value for the site.

4 EQUALITIES IMPLICATIONS

- 4.1 There are no specific equalities implications arising from the decision to dispose of the site. The subsequent development will result in the provision of new residential accommodation and commercial employment space.

5 OTHER STATUTORY IMPLICATIONS

- 5.1 This section of the report is used to highlight further specific statutory implications that are either not covered in the main body of the report or are required to be highlighted to ensure decision makers give them proper consideration. Examples of other implications may be:
- Best Value Implications,
 - Consultations,
 - Environmental (including air quality),
 - Risk Management,
 - Crime Reduction,
 - Safeguarding.
 - Data Protection / Privacy Impact Assessment.
- 5.2 No other statutory implications have been identified.

6 COMMENTS OF THE CHIEF FINANCE OFFICER

- 6.1 Any marketing costs arising from the recommendation in this report will need to be contained within approved budgets within Place Directorate.

7 COMMENTS OF LEGAL SERVICES

- 7.1 The Council has an obligation under section 3 of the Local Government Act 1999 to secure continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness (the best value duty). Land should only be disposed of by a local authority where it is considered to be surplus to the Council's requirements and this report details that the site has not been used for 10 years and that the council will benefit from a capital receipt on disposal.
- 7.2 Any marketing and consideration of offers made by potential purchasers must have regard to s123 Local Government Act 1972.
- 7.3 When disposing of land the Council has a statutory duty under section 123 of the Local Government Act 1972 to ensure that it obtains best consideration for the land and buildings disposed of. It is noted that approval for any disposal will require Cabinet approval at the relevant time.

Linked Reports, Appendices and Background Documents

Linked Report

- None

Appendices

- Site Plan

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

- None

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