

AGENDA ITEM: 8

Page nos. 15 - 19

Meeting	Cabinet Resources Committee
Date	28 June 2006
Subject	Spencer House, 156-162 Station Road, Hendon, NW4
Report of	The Leader of the Council
Summary	To report the outcome of best and final offers from the six short-listed parties and to seek approval for the sale of the freehold interest in the property.

Officer Contributors	Rob Colville, Principal Valuer, Property Services & Valuation
Status (public or exempt)	Public (with a separate exempt section)
Wards affected	Hendon
Enclosures	Appendix A
For decision by	The Committee
Function of	Executive
Reason for urgency / exemption from call-in (if appropriate)	N/A

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1. RECOMMENDATIONS

- 1.1 That the freehold sale of Spencer House to the highest bidder be approved on the terms set out in the exempt report.**

2. RELEVANT PREVIOUS DECISIONS

- 2.1 Cabinet Resources Committee – 10th February 2005 – resolved that the freehold sale of Spencer House be approved in principle, and that the appropriate chief officers be instructed to offer the site for sale by non-binding tender in accordance with the procedures set out in the Constitution, reporting the outcome to a future meeting of the committee for further consideration.
- 2.2 Cabinet Resources Committee – 10th November 2005 – resolved that the six tenderers listed in paragraph 2.2 of the exempt report be invited to work up scheme proposals for discussion with the Head of Planning and to submit final financial offers with the results being reported to a future meeting of the committee.

3. CORPORATE PRIORITIES AND POLICY CONSIDERATIONS

- 3.1 The Corporate Plan commits the Council to improve asset and contract management. The proposals in this report will result in the Council achieving a capital receipt which could be used to assist in funding the capital programme.

4. RISK MANAGEMENT ISSUES

- 4.1 Some of the bids submitted, including that of the preferred bidder, have been issued subject to the grant of planning permission for the scheme proposals outlined in Appendix A and the exempt report. Should the chosen tenderer be delayed or their planning application fail to be granted the receipt of the capital bids detailed in the exempt report may be at risk. Communications with the Planning Department have been facilitated so as to reduce the likelihood of any problems occurring at the planning application stage.
- 4.2 The risk of the highest tenderer failing to complete the purchase of the property has been minimised by Council Officers through the completion of credit checks detailing the financial status of the preferred bidder.

5. FINANCIAL, STAFFING, ICT AND PROPERTY IMPLICATIONS

- 5.1 The freehold interest in the site will be sold to the preferred bidder. Accordingly there are no staffing or ICT issues for consideration by the Council.
- 5.2 The financial implications are set out in the exempt report.
- 5.3 The property issues are set out in Section 8 and Appendix A below.

6. LEGAL ISSUES

- 6.1 None.

7. CONSTITUTIONAL POWERS

- 7.1 Constitution – Council Procedure Rules – Financial Standing Orders & Rules for Disposal of Land and Real Property
- 7.2 Constitution – Part 3 - Responsibility for Functions – Section 3.6 Functions delegated to the Cabinet Resources Committee – All matters relating to land and buildings owned, rented or proposed to be acquired or disposed of by the Council.

8. BACKGROUND INFORMATION

- 8.1 In accordance with the decision of the committee on 10th February 2005, all existing tenants of the Spencer House premises were decanted and provided with alternative accommodation. The property was subsequently widely marketed, inviting interested parties to submit tender offers and scheme proposals for the redevelopment of the site together with a financial offer for the freehold acquisition of the premises.
- 8.2 Tenderers were asked to submit plans and drawings of their scheme proposals as well as an outline programme of delivery and a financial offer.
- 8.3 By the closing date 43 submissions had been received. Six further bids were received after the tender deadline. The details of all submissions received were reported to this committee on the 10th November 2005.
- 8.4 In accordance with the decision of this committee on the 10th November 2005, six short-listed parties were invited to make further enquiries with the Planning Department so as to refine the details of their submissions. Additionally, the parties were invited to attend a meeting with officers and were given specific feedback with regard to their initial proposals as well as any further scheme drawings that were made before the deadline. A deadline of the 24th April 2006 was set by which all best and final offers for the purchase of the site were to be received by the Property Services & Valuation Group. The details of the six submissions and comments thereon are set out in Appendix A and in the exempt report.
- 8.5 All six of the schemes submitted involve the sale of the freehold interest in the Spencer House site to the tenderer. The tenderer will subsequently develop the site, as detailed in Appendix A, subject to the receipt of all necessary planning permissions.
- 8.6 The offer received from the preferred bidder, as outlined in the exempt report, will deliver to the Council the highest capital receipt. The tender is recommended for acceptance on this basis.
- 8.7 The land is held within the Housing Revenue Account. As such, the disposal of the property will require the consent of the Secretary of State pursuant to Section 32 (2) of the Housing Act 1985.

9. LIST OF BACKGROUND PAPERS

- 9.1 None.

Legal: SS

Chief Finance Officer: SE

APPENDIX A

BID No.	SCHEME PROPOSAL	PLANNING COMMENT	HOUSING COMMENTS (if applicable)	CONDITIONS OF SALE
1	9 * 3 storey town houses each comprising 4 bedrooms and 2 reception rooms	Use of the site as a row of terrace houses is acceptable in principle. The footprint and height of the building is also acceptable. However, the roof should have hipped rather than gable ends, with no dormer windows on the front elevation. Parking is to be well screened and is to meet with the Council's standards.	No further comments	Subject to planning, contract and survey
2	OPTION 1 - 24 apartments (12 private units & 12 affordable units) OPTION 2 - 9 * 3 storey private houses	A housing scheme is acceptable in principle. Only the details of the footprint of the building have been submitted and, as such, planning comment is limited. However, dormer windows appear to have been proposed on the front elevation, which would not be acceptable. The number of affordable units must be 50% of the total, in line with the London Plan and the Barnet UDP.	The tenderer has allowed for 50% affordable housing for option 1. No further comments	Option 1 is unconditional with a further financial contribution if planning consent is achieved for option 2.
3	Refurbishment of existing development and use as residential units	The use of the existing building is unlikely to be acceptable. Planning comment is limited because the developer has provided only limited details of their proposal.	No further comments	Unconditional
4	8*1 bed/2 person units, 18*2 bed/3 person units and 12*2 bed/4 person units. Total of 38 units	The proposed use is acceptable in principle, as is the proposed footprint of the building. However, a three storey development plus rooms in the roof space is considered to be too high. Two and a half storeys would be more acceptable, possibly moving to three and a half towards the centre of the site. Parking to the rear should be well screened, located away from the site boundaries, and should comply with the guidelines. The number of affordable units is in line with the London plan and the Barnet UDP. A contribution towards education should be provided.	The tenderer has allowed for 50% affordable housing for the scheme as well as for a contribution towards education. 13 flats will be socially rented, 6 will be for shared ownership and 19 will be for private sale. The Housing Association Development Officer has stated that the tenderer has an allocation from the Housing Corporation and that the scheme proposed meets her requirements.	Subject to contract, legal due diligence, vacant possession and planning.

5	65 bed care home (from initial submission)	A care home use is acceptable in principle. However, the proposed footprint is unacceptable and is considered to be detrimental to neighbouring amenities. The proposed footprint should be no larger than the footprint of the existing building. The location of the parking facilities to the front of the building is acceptable and the number of spaces must meet parking standards.	N/A	Subject to contract
6	4*4 bed units, 4*3 bed units, 6*2 bed units and 4*1 bed units. Total of 18 units	A housing scheme is acceptable in principle. Only the details of the footprint of the building have been submitted and, as such, planning comment is limited. The general scale and bulk cannot be assessed due to lack of information. Parking should be well screened and located away from the boundaries and should comply with the guidelines. The number of affordable units must be 50% of the total, in line with the London Plan and the Barnet UDP. A contribution towards education should be provided.	No further comments	Subject to contract