

Decision Maker: EXECUTIVE

Date: Wednesday 11 January 2017

Decision Type: Non-Urgent Executive Key

Title: DISPOSAL OF BANBURY HOUSE, CHISLEHURST

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Chief Officer: Executive Director of Environment & Community Services

Ward: Chislehurst

1. Reason for report

This report seeks the Executive's approval to dispose of this site with Planning consent for an optimal scheme to ensure that best consideration is made in a timely manner.

2. **RECOMMENDATION(S)**

The Executive is recommended to

- 2.1 Agree to the appointment of Cushman & Wakefield to develop a scheme in order to achieve best consideration for the site by;
- a) The submission of a Planning Application.
 - b) Once Planning has been achieved to market the site on a non-conditional basis.
 - c) Post marketing to evaluate bids received and recommend a prospective purchaser for the site via a report to the Portfolio Holder for Resources seeking his approval for the disposal of the site to the recommended purchaser.
- 2.2 Agree that the estimated cost of £46k is met from the Investment Fund.

Impact on Vulnerable Adults and Children

1. Summary of Impact: None
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Corporate Policy

1. Policy Status: Existing Policy
 2. BBB Priority: Excellent Council:
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Financial

1. Cost of proposal: Estimated Cost: £46k
 2. Ongoing costs: Not Applicable:
 3. Budget head/performance centre: Investment Fund
 4. Total current budget for this head: £17.9m
 5. Source of funding: Investment Fund
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Personnel

1. Number of staff (current and additional): N/A
 2. If from existing staff resources, number of staff hours: N/A
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Legal

1. Legal Requirement: Statutory Requirement S123 of the Local Government Act 1972
 2. Call-in: Applicable:
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Procurement

1. Summary of Procurement Implications:
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Customer Impact

1. Estimated number of users/beneficiaries (current and projected): N/A
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Ward Councillor Views

1. Have Ward Councillors been asked for comments? Yes
2. Summary of Ward Councillors comments: Are contained within the body of the report.

3. COMMENTARY

- 3.1 Authority to dispose of this site was given by the Portfolio Holder for Resources on April 2014. The site was subsequently marketed and offers reported to E&R PDS for pre-decision scrutiny in January 2016. A purchaser was selected based on a conditional offer for 28 retirement units. The purchaser withdrew their offer and resubmitted a lesser sum based on a higher number of smaller units. The decision was then made to re-invite the highest bidders from the marketing exercise to re-bid. The previously identified purchaser was again the highest bidder. The purchaser commenced the Pre Planning Application process and due to the scheme being considered an over development then withdrew.
- 3.2 Potential purchasers will make offers based on their interpretation to planning guidelines and policy often attempting to maximise the development potential. They incur concept design costs in order to prove the initial viability of their scheme – however, The Council is not able to provide scrutiny to all potential bidders and seeks to encourage applicants to follow the Pre Application process.
- 3.3 The Council has disposed of a number of sites where it has gone to market and sought offers which inevitably have been made “Subject to Planning”. This has led to potential purchasers making offers based on, post planning application process, unrealistic over development schemes with a lack of financial security in terms of capital receipt and timescale for the Council. Consequently in order to provide clarity to the market the approach adopted in this report of seeking planning consent for an optimal scheme is recommended.

The Site

- 3.4 The site encompasses a 0.71 acre plot lying to the west of A208 White Horse Hill, accessed via Bushell way. The site has road frontage to both Bushell Way and Invicta Close.
- 3.5 The plot is occupied by Banbury House, a purpose built care home which was constructed in the 1980s. It provides approximately 5,694 sq ft (529m²) of accommodation on ground and part first floor. Part of the building has been adapted for office use. It is currently vacant and has been so since at least September 2015.
- 3.6 The neighbouring property, 1 Bushell Way, a detached house, has rights of access over the site for vehicles and additional rights on foot only over another small part of the site.
- 3.7 The surrounding area is predominately residential in character, with housing to the north, west and south, and east. The nearest railway stations are at Chislehurst and Grove Park, which are just over two miles distant, with direct services to London Charing Cross, Cannon Street and London Bridge. The centre of Chislehurst, which offers a good range of shops, is under a mile from the property.

Ascertaining Outline Planning Consent

- 3.8 Whilst there are no details available of the proposed development on the site at this stage, in order to be accepted as a ‘valid’ planning application, a development will need to be accompanied by raft of supporting material by way of drawings and reports. Whilst this supporting information tends to be drawn down from a fairly standard range of inputs, the precise requirements vary according to the type of development and local circumstances.

- 3.9 Cushman and Wakefield will review what studies may already be available and whether these are suitable to support the proposed application and will identify what further work need to be undertaken. It is preferred that Cushman and Wakefield appoint any necessary sub-consultants to prepare the additional information.
- 3.10 Whilst the determination of planning will provide for a detailed estimated of a capital receipt, it is estimated that the receipt would be in the range of £3.5m.

Planning Approach and Disposal Marketing

- 3.11 Cushman and Wakefield have approached their fee proposal by looking at the project in a number of stages which allows a greater budget certainty where the extent of their input can be readily discerned at this stage. Where that is not possible, they have given an estimate of the likely budget but this will need to be confirmed before the relevant stage commences.

Stage 1 Feasibility (Fixed Fee £4,500)

- 3.12 To ensure the case starts off on the correct foot, Cushman and Wakefield will review the site's planning context looking at the form of surrounding development, it's planning history, the existing and emerging planning policy position, and thereby seek to identify the key planning issues. This will establish whether the principle of the development is acceptable in land use terms, identify the technical planning policy standards which will need to be met; and those material issues which will impact on the proposal and so need to be addressed through consultant's reports. They would also seek to quantify and planning obligation or community infrastructure requirements so that these can be costed in a development appraisal. We suggest that a site visit be incorporated into a project kick off meeting so as to afford us all an opportunity to meet and also inspect the site to take advantage of your background knowledge.
- 3.13 The output from this stage would be a planning report providing a detailed overview of the project and its context and identifying planning issues which will need to be addressed. It will also set out a series of recommendations as to how the development will need to be presented to the local planning authority in order to win their support. Cushman & Wakefield have also stated that they would also recommend a CIL minimisation approach at this stage to help inform the reduction in overall development costs.
- 3.14 Ward Members would be appraised at this stage and their views taken into account in the planning report.

Stage 2 Design Development (Hourly Charges Budget Estimate £15,000)

- 3.15 This stage is followed by the working up of a more detailed feasibility scheme based on a measured survey and CAD drawings of the proposal taking into account the issues identified in Stage 1.
- 3.16 Cushman and Wakefield would utilise the findings of their report to shape the design approach and respond to the developing design being produced by the architect. They anticipate that this stage will be rather iterative in approach and will involve meetings and telephone conferences over an unspecified period in order to fine tune succeeding stages of design.

**Stage 3 Formal Pre-Application Discussions with LB Bromley Planning Department
(Hourly Charges Budget Estimate £4,000)**

- 3.17 At this stage the feasibility scheme is shared with the local planning authority through a formal pre-application process. Cushman and Wakefield would co-ordinate the production of the documents for the submission and arrange the meeting. They would attend the meeting (in conjunction with the architect and other members of the design team as appropriate) to discuss the draft scheme; identify the need for any amendments; clarify the full range of documents to be submitted; scope the planning gain requirements; and to subsequently recommend actions to prepare a scheme to a suitable standard for submission supported by the range of reports and drawing sufficient to answer all the questions the local planning authority will raise.
- 3.18 They would also utilise the pre-application feedback to help define the need for and scope of any public consultation to be undertaken prior to the submission. This would include identifying relevant local stakeholders and the most effective way of carrying out that consultation.

Stage 4 Design Finalisation (Hourly Charges Budget Estimate £5,000)

- 3.19 In the light of the council's response, Cushman & Wakefield would work with the appointed design team to fully detail the proposed scheme to respond to points raised through pre-application. They would also identify other consultants which would need to be appointed to feed into the design development so as to develop a scheme suitable for submission.

**Stage 5 Stakeholder Engagement (Hourly charges or fixed fee to be determined
once need for exercise known)**

- 3.20 If required through the pre-application process, Cushman and Wakefield would either design and implement a consultation strategy with neighbours and local stakeholders or, if the scheme seems likely to be controversial leading to a significant public interest, they would recommend the appointment of a third party to undertake this on the Council's behalf. If there is no need for public consultation, they would omit this stage as a cost saving.

**Stage 6 Preparation and Submission of a Planning Application (Hourly Charges
Budget Estimate £10,000)**

- 3.21 Cushman and Wakefield will coordinate the preparation of the application pack, co-ordinating the project team to ensure their reports are mutually consistent and meet the requirements of the Council. In addition they would prepare the planning statement, the application form, the notices and statement of community involvement (unless a third party is appointed) and coordinate application pack to ensure validation. They would submit the application via the Planning.

**Stage 7 Negotiation of Planning Application (Hourly Charges Budget Estimate
£7,500)**

- 3.22 Once submitted, Cushman and Wakefield will enter into regular contact with the case officer and ensure validation and provide confirmation of key dates (such as target determination date, close of consultation, committee date etc.). Through this they will identify consultees and speak to them direct to establish whether they have any questions about the scheme and devise an appropriate response. They will discuss

draft conditions with the case officer and look to agree these before determination. If a planning obligation is necessary they will agree the heads of terms so that the documentation can be completed by the Council's Legal team.

Stage 8 Post Decision Marketing – Nil Cost as this work is provided for via the TFM Amey/Cushman & Wakefield Contract

3.23 Once Planning has been agreed, Cushman and Wakefield will market the site with the associated consent seeking best offers on a non-conditional basis. A draft contract for disposal will be included in the marketing particulars.

Stage 9 Evaluation and Report to Portfolio Holder for approval to dispose

3.24 Officers and Cushman and Wakefield will evaluate bids received and recommend a prospective purchaser for the site via a report to the Portfolio Holder for Resources seeking his approval for the disposal of the site to the recommended purchaser.

Protecting future value

3.25 The contract for disposal will contain a provision that should the purchaser, or any successor in title, wish to deviate from the obtained planning consent then they will require the Council's consent to do so. This will be enforced by a restrictive covenant being lodged in the Council's favour at the Land Registry and on the title of the site. This will protect the Council in the future should any purchaser of the site wish to increase density or re-develop the site in the future. If the Council were minded at that time to release the covenant then that would be subject to a commercial negotiation at that time.

Timescales

3.26 Cushman & Wakefield have advised that the 9 Stages detailed above should be completed by the beginning of August 2017.

4. IMPACT ON VULNERABLE ADULTS AND CHILDREN

None

5. POLICY IMPLICATIONS

The Council's aims include being an authority which manages its assets well.

6. FINANCIAL IMPLICATIONS

6.1 This report is seeking approval to spend £46k from the Investment Fund on the basis that the capital receipt generated will be used to increase the Investment Fund. The funding will meet the costs of the feasibility study and the works required to obtain planning consent and marketing of the sale of the site.

6.2 The uncommitted balance of the Investment Fund is currently £17.861m and the estimated cost of this proposal would reduce the balance to £17.815m. A separate report 'Disposal of Small Halls site' elsewhere on the agenda, requests that Members approve a further £46k from the Investment Fund. This would reduce the balance in the Growth Fund to £17.769m.

- 6.3 It should be noted that by gaining the necessary planning consents prior to marketing the property, there is a potential to generate a larger capital receipt from the sale of the site.
- 6.4 The impact of planning consent on the value of receipt generated will be evaluated to see if this method generates higher receipts in order to determine its benefit for future potential disposals.
- 6.5 The estimated capital receipt could be £3.5m.

7. PERSONNEL IMPLICATIONS

None

8. LEGAL IMPLICATIONS

Section 123 of the Local Government Act 1972 requires a local authority to secure the best consideration reasonably obtainable when it disposes of land (other than on a lease of 7 years or less) unless it has the benefit of an express or general consent of the Secretary of state. Marketing a property is the usual method of ensuring compliance with this requirement.

9. PROCUREMENT IMPLICATIONS

Cushman & Wakefield is a key sub-contractor of the Council’s TFM Contract and commenced their service offering on the 1st December 2016. Their fee basis is calculated against a set of fees contained within the contract which are set against comparable frameworks with a 5% discount.

Non-Applicable Sections:	[List non-applicable sections here]
Background Documents: (Access via Contact Officer)	N/A