



Decision Maker:	Cabinet Member for Finance, Property and Regeneration
Date:	13 November 2019
Classification:	General Release except for Appendices 1, 2 and 3 which are not for publication
Title:	Delegation of authority to approve reservations and sale terms of units at The Masefield
Wards Affected:	Maida Vale
Key Decision:	Yes
Report of:	Hannah Noble, Senior Asset & Development Manager

1. Executive Summary

- 1.1. The Development Sales Programme currently comprises four schemes across the Borough at The Masefield, Parsons North, Luton Street and Cosway Street. The first of the schemes, The Masefield, is due to launch in October.
- 1.2. Once the scheme launches to the market, the development team requires delegated authority to accept offers at the point of reservation.
- 1.3. This report seeks approval from the Cabinet Member for Finance, Property and Regeneration to delegate authority powers to the Executive Director for Growth, Planning & Housing and thereafter to the Director of Development and named officers to allow for the acceptance of reservations and sales terms for private sale units at The Masefield.

2. Recommendations

2.1. The Cabinet Member is recommended to approve;

2.1.1. Appendices 1 and 2 and 3 of this report being exempt from disclosure by the Local Government Act 1972, Schedule 12A, Part 1, paragraph 3, in that it contains information relating to the financial or business affairs of any person (including the authority holding that information) .

2.1.2. The delegation of authority to the Executive Director of Growth, Planning & Housing or Director of Development and named officers to approve reservations and the sale terms of private sales units at The Masefield, 111 Shirland Road in accordance with section 5 of this report.

2.1.3. The delegation of authority to the Executive Director of Growth, Planning & Housing or Director of Development and named officers to enter into all associated legal agreements in relation to recommendation 2.1.2.

3. Reasons for Decision

3.1. Approval of the recommendations will prevent any delays in accepting offers to formalise reservations which will ensure prospective purchasers receive confirmation of their offer being accepted in a timely manner without having to request Cabinet Member approval for each unit in turn.

4. Background of Delegated Authority

4.1. Under the Council's Scheme of Delegations and the Financial Regulations the Executive Director for Growth Planning & Housing may dispose of freehold property or grant leases where the premium does not exceed £500k.

4.2. This paper seeks approval from the Cabinet Member to allow the Executive Director for Growth Planning & Housing to accept offers as outlined within section 5, and delegate that authority to the Director of Development and Council Officers.

5. Application to The Masefield, 111 Shirland Road

5.1. The development at The Masefield consists of 31 private sale apartments the receipts of which will be partly cross subsidising the delivery of the 84-bed care home adjacent to the scheme, the Beachcroft Care Home.

5.2. The 31 units provide a mix of apartment types as outlined below;

Unit Type	No of Units
1 bed	18
1 bed duplex	1
2 bed	3
2 bed duplex	1
3 bed	6
3 bed duplex	2
Total	31

5.3. Working with the instructed sales team, Jones Lang LaSalle (“JLL”) and the construction team, a proposed sales and marketing strategy is in place to launch the units on the open market in October 2019 with the show home being available from March 2020.

5.4. The current net achievable base line pricing for The Masefield was agreed at Capital Review Group at the time the Financial Business Case was presented as outlined in Appendix 1.

5.5. The baseline position has been supported by the latest pricing review by instructed sales agents, JLL and by the conclusion of a Red Book valuation by Knight Frank which is based on transacted evidence.

Further details regarding the application of this to The Masefield are included within Appendix 2.

6. Financial Implications

6.1. The Beachcroft project, which includes The Masefield and the Beachcroft Care Home, is currently forecast to cost a total of £31.4m and generate a level of capital receipts as outlined in Appendix 1. The net cost of £7.23m will be funded by AHF.

6.2. The Capital Strategy 2019/20 included an income budget of for capital receipts generated from the Beachcroft development, and the proposed dealing margin would achieve this target income level as outlined in the Appendix.

6.3. The receipts from The Masefield will support the Council’s wider capital programme and its overall affordability. If the final net receipts fall below the budgeted amount the Council would be required to either reduce future capital expenditure or increase its prudential borrowing to maintain an affordable capital programme.

6.4. When the Council sells an asset with a value greater than £500k, the financial regulations require the disposal to be approved by a Cabinet Member. This report seeks delegated authority to the Executive Director of GPH, within the proposed dealing margins, for the sale of units at Masefield. Subsequent disposals at other development sites will be subject to further approval.

Finance comments provided by Timothy Hampton, Senior Financial Manager

7. Legal Implications

7.1. Section 123 of the Local Government Act 1972 gives power to the Council to dispose of land in any manner it sees fit and for the best price reasonably obtainable. 'Best price reasonably obtained' means achieving maximum value from the disposal, not just maximum price. Disposal at less than market value must contribute to the 'promotion or improvement of the economic, social or environmental wellbeing of the area'.

7.2. Where any land has been acquired or appropriated by a local authority for planning purposes then section 233 of the Town and Country Planning Act (TCPA) 1990 has effect to the exclusion of section 123 of the Local Government Act 1972.

7.3. Under section 233(1) of the TCPA 1990, a local authority can dispose of land appropriated for planning purposes to such person, in such manner and subject to such conditions as appear to the local authority to be expedient to secure one of the following:

7.3.1. The best use of that or other land and any buildings or works which have been, or are to be, erected, constructed or carried out on it (whether by the authority or by any other person) (section 233(1)(a), TCPA 1990).

7.3.2. The erection, construction or carrying out on it of any buildings or works appearing to the authority to be needed for the proper planning of its area (section 233(1)(b), TCPA 1990).

7.4. A disposal of land under section 233 of the TCPA 1990 includes a sale of the freehold interest, granting a lease, assigning any unexpired term of a lease or the granting of easements.

7.5. A local authority must dispose of the land for the best consideration it reasonably can obtain, unless the Secretary of State consents to the disposal (disposals by way of a short tenancy of seven years or less are excepted from this rule) (section 233(3), TCPA 1990).

7.6. Consideration in the context of a disposal of land under section 233 of the TCPA 1990 means the price payable for the land.

- 7.7. A local authority is in the position of a trustee in relation to the land that it holds on behalf of the community and has a statutory duty to sell land at the best price reasonably obtainable. The Council will only be able to demonstrate that it achieved the best consideration by obtaining an appropriate valuation of the land. This Report confirms that an independent assessment of open market value in accordance with the 'Red Book' guidance of the Royal Institution of Chartered Surveyors has been obtained.
- 7.8. Under the Council's Scheme of Delegations the Executive Director for Growth Planning and Housing may dispose of freehold property or grant leases where the premium does not exceed £500k. This report seeks authority for the sale of flats at the Masefield at premiums in excess of £500k.

Legal comments provided by James Holliman Senior Solicitor

If you have any queries about this Report or wish to inspect any of the appendices, please contact:

James Green, Director of Development 020 7641 2537

Hannah Noble, Senior Asset & Development Manager 07710 040 464

Appendix

1. Appendix 1 – The Masefield Pricing Strategy Summary Table
2. Appendix 2 – Section 5 Financial Information
3. Appendix 3 – Unit by Unit pricing

NB: For individual Cabinet Member reports only

For completion by the **Cabinet Member for Finance, Property and Regeneration**

Declaration of Interest

I have <no interest to declare / to declare an interest> in respect of this report

Signed:

Date:

NAME: Councillor Rachael Robathan, Cabinet Member for Finance, Property and Regeneration

State nature of interest if any

(N.B: If you have an interest you should seek advice as to whether it is appropriate to make a decision in relation to this matter)

For the reasons set out above, I agree the recommendations in the report entitled **Delegation of authority to approve reservations and sale terms of units at The Masefield** and reject any alternative options which are referred to but not recommended.

Signed

Councillor Rachael Robathan, Cabinet Member for Finance, Property and Regeneration

Date

If you have any additional comment which you would want actioned in connection with your decision you should discuss this with the report author and then set out your comment below before the report and this pro-forma is returned to the Secretariat for processing.

Additional comment:

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If you do not wish to approve the recommendations, or wish to make an alternative decision, it is important that you consult the report author, the Director of Law, the Executive Director of Finance and Resources, and, if there are resources implications, the Director of People Services (or their representatives) so that (1) you can be made aware of any further relevant considerations that you should take into account before making the decision and (2) your reasons for the decision can be properly identified and recorded, as required by law.

Note to Cabinet Member: Your decision will now be published and copied to the Members of the relevant Policy & Scrutiny Committee. If the decision falls within the criteria for call-in, it will not be implemented until five working days have elapsed from publication to allow the Policy and Scrutiny Committee to decide whether it wishes to call the matter in.