

Please note Part 2 report is now confidential appendix.

London Borough of Enfield

Operational Report

Report of: Mark Bradbury Director Property and Economy

Subject: Disposal of Land adjacent to Genotin Road (Ex Enfield Arms Site), Enfield, EN1 2AF

Cabinet Member: Cllr Mary Maguire

Executive Director: Sarah Cary

Ward: Grange

Key Decision: 5281

Purpose of Report

1. The vacant land adjacent to Genotin Road and Enfield Town Train station, (formerly the site of the Ex Enfield Arms Public house) has been declared surplus to the operational requirements of the Council.
2. Following Cabinet Approval on 14th October 2020, (KD5189) Strategic Property Services were commissioned to dispose of the asset and achieve “best value”.
3. The property has been marketed for sale by the Council’s property consultants, Avison Young.
4. This report provides details of the marketing process, bids received on a conditional and unconditional basis, matrix of offers, and analysis of bids received, together with summary and recommendations, (some of which is confidential and only disclosed in Part 2 Report, Appendix 1).

Proposals

5. It is recommended that the Council proceeds with an unconditional offer from Bidder A in accordance with the Heads of Terms appended in Part 2 (Confidential Report).
6. That the Head of Strategic Property Services has delegated authority to authorise non-material changes to the Heads of Terms and/or the Contract for Sale and otherwise in accordance with achieving “Best Consideration” within the meaning defined in S.123 Local Government Act 1972.

Reason for Proposal(s)

7. The vacant site is no longer required for operational purposes and therefore has been identified as surplus and released for sale to reduce the Council's borrowing requirements/contribute towards the Council's Capital Programme.
8. We are selling to Bidder A, the underbidder, as they achieved the highest unconditional bid and have been selected as the preferred bidder on this basis. Bidder A is proposing to redevelop the site for residential use as a flatted development. It is an attractive proposition as the offer is unconditional and therefore carries no planning risk to the Council. Bidder A has also agreed to an overage clause in the event of achieving a planning consent for an enhanced number of flats.

Relevance to the Council's Plan

9. The sale of the property will deliver a much-needed significant capital receipt to the Council and thereby helping generally to fund Council services which contribute to a strong and healthy community.

Background

10. The northern corner of the site accommodates a single storey cycle store that will be temporarily relocated offsite before being re-provided on site. The site does not include any part of the adopted highway (pavement). It comprises of vacant land encompassed by perimeter hoarding.
11. The site historically accommodated the Enfield Arms Public House that was demolished in 2005 to help accommodate the new one way gyratory system that was subsequently built. The site has not been used for any other use since that time. The total site area extends to approximately 0.18 acres (0.07 hectares).
12. Avison Young (AY) were instructed to market the site ("the property") for sale by way of an informal tender process, seeking conditional and unconditional offers for the freehold interest. Both due diligence and technical information were made available to interested parties via the AY website. The property was launched with a quarter page colour advert in the Estates Gazette in November 2020.
13. AY also undertook an e-marketing campaign targeting active developers, investors and agents in London and the South East. This included all AY contacts acquired from previous marketing campaigns for LB Enfield, as well as the marketing campaign for Southgate House and William Prey Centre.
14. During the marketing campaign AY received interest mainly from residential led developers.

15. A two-stage bidding process was implemented with initial bids sought on a conditional and unconditional basis, and a subsequent “Best and Final Offer” stage. This was to enable bidders to clarify the terms of their offer and potentially increase their initial offer and to include the provision of additional non-financial information in support of their bid.

Main Considerations for the Council

16. The summary of offers is confidential. A summary table illustrating the results of the best and final stage together with further information received is referred to in the confidential appendices (Part 2 Report). Details of the initial bids and analysis are available in the report from AY (Confidential).

Summary and Recommendation

17. A select number of parties were invited to best bids based on headline levels, conditionality of offers, timescales and certainty of receipt.
18. Following best bid submissions, the highest unconditional offer submitted was from Bidder A.
19. Bidder A also offered to incorporate the existing bike store into their proposed redevelopment scheme unlike other bidders and are in the unique position to temporarily relocate the bike store offsite to a nearby location that they own.
20. Bidder A also offered the most competitive timescales, proposing to exchange 4 weeks from receipt of the legal pack, with completion 4-6 weeks thereafter.
21. Bidder A is a cash offer (and not subject to any mortgage loan or mortgage valuation surveys) and therefore presents a low funding risk.
22. Bidder A is subject to a topographical survey and Phase 2 Soil investigation which they state can be undertaken within 4 weeks, prior to exchange of contracts.
23. Bidder A has also offered a planning overage.
24. Given the level of financial offer, funding position and not being subject to mortgage or valuation, and committing to competitive timescales, officers consider that the unconditional offer from Bidder A represents best consideration.

Safeguarding Implications

25. The cycle storage unit located on site will be re-provided on site and designed into the purchaser’s redevelopment plans. It will be temporarily re-located offsite whilst the site is under construction.

Public Health Implications

26. Disposal of this property will contribute to reducing the Council's running costs and contribute capital which will contribute to financial balance.

Equalities Impact of the Proposal

27. Corporate advice has been sought regarding equalities and an agreement has been reached that an equalities impact assessment is neither relevant nor proportionate for the approval of this report.

Environmental and Climate Change Considerations

28. The property is a derelict piece of land which has no utility supplies and therefore a current zero-carbon emission. This means that the disposal of these assets should not lead to a transfer of carbon emissions from the Council's operations to borough wide. However, any subsequent redevelopment by the buyer would have carbon emission considerations.

Consideration	Impact of Proposals
Adaptation and resilience	This proposal does not deal with matters which directly impact on climate change adaptation and resilience.
Energy consumption	There is currently no building on site and therefore no energy usage. There will likely be development on the site, which will be subject to planning consent, which means it will be delivered in line with the environmental and sustainability requirements of the current London Plan.
Carbon emissions and offsets	Delivery of the proposal should not in itself lead to any increase in emissions and no offsets are proposed. There could be impacts if the site is subsequently redeveloped although these would be dealt with through the planning and building control processes.
Environmental	Delivery of the proposal has no identified direct environmental impacts.
Procurement	No additional procurement of goods or services is proposed.

Risks that may arise if the proposed decision and related work is not taken

29. If the Council do not undertake regular reviews of its property holdings and dispose of surplus property then there are ongoing risks in relation to security, and increased revenue costs from reactive and planned maintenance associated with void property. In addition, there is the risk of a loss of interest on the capital receipt and less funding available for the Council's Capital Programme for other projects, whilst the capital receipt remains outstanding. This carries a risk of increased borrowing.

Risks that may arise if the proposed decision is taken and actions that will be taken to manage these risks

30. There is a risk that the sale will not complete due to the buyer failing to proceed with the purchase. This risk is managed by undertaking due diligence on the buyer prior to seeking authority to dispose and ensuring that provisional Heads of Terms are agreed.

Financial Implications

31. The disposal of this property to the preferred bidder will generate a capital receipt. By regulation, this receipt will be available for investment in the Council's Capital Programme, funding of transformation projects, or for the repayment of external debt. Up to 4% of the capital receipt can be applied to costs of sale and the figure quoted in this report is prior to the deduction of these costs. The Council have also not opted to tax this asset so no VAT will be applicable to the sale price.

Legal Implications

32. The Council has a duty pursuant to s123 Local Government Act 1972 to dispose of property for best consideration reasonably obtainable.
33. The property has been marketed by way of an informal tender process seeking offers for the freehold interest and Avison Young have also undertaken an e- marketing campaign.
34. The highest bid submitted was from Bidder A. It has been recommended that this bid should be accepted.
35. The contract for sale, transfer deed and overage deed will be in a form approved by the Director of Law and Governance.
36. The recommendations contained within this report are within the Council's powers and duties.

Workforce Implications

37. There are no workforce implications

Property Implications

38. These are contained throughout this report.

Other Implications

39. None.

Options Considered

40. Do Nothing. This is not an option as the property is vacant and the land is not being used. In addition, the Council is incurring some "holding costs" in terms of security and outgoings.

41. Disposal. This will generate a much-needed capital receipt and reduce borrowings/contribute towards reserves and/or the Council's Capital Programme.
42. Solum Regeneration, a joint venture between Kier Property & Network Rail have expressed interest in the site to support redevelopment of Enfield Town Station. Solum have however declined to bid at this stage and indicative plans supplied by Solum have suggested that control of the site is not essential to deliver their proposals. In view of this and the fact that proposed improvements to the station have been mooted for some considerable time without any progress, the option of withdrawing the site from the market was not considered appropriate.

Conclusions

43. It is in the Council's best interests for financial, property and legal reasons, and for the wider community, to benefit from this property being sold to Bidder A who intends to redevelop the site and provide homes for the local area.

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Appendices

Appendix 1: Particulars of Sale and Plan

Appendix 2: Part 2 (Confidential)

Background Papers

Avison Young full recommendation and analysis report. (Confidential)