

Notice of NON KEY Executive Decision containing exempt information

This Executive Decision Report is part exempt and Appendices A, B & C are not available for public inspection as they may contain or relate to exempt information within the meaning of paragraph 3 of Schedule 12 A to the Local Government Act 1972. They are exempt because they refer to information relating to the financial or business affairs of any particular person (including the authority holding that information) and the public interest in maintaining the exemption outweighs the public interest in disclosing the information.

Subject Heading:	Sale of Greenfields, Kilmartin Way, Elm Park, RM12 5NB (“the Property”)
Decision Maker:	Mark Butler, Assistant Director of Regeneration & Place Shaping.
Cabinet Member:	Cllr. Graham Williamson
ELT Lead:	Neil Stubbings
Report Author and contact details:	London Borough of Havering (LBH) Christopher Pasterfield Principal Asset Surveyor Property Services Town Hall Main Street Romford RM1 3AR Tel: 01708 433 669 E: christopher.pasterfield@havering.gov.uk
Policy context:	Asset Management Plan
Financial summary:	The Council will receive a capital receipt for the land and buildings, as detailed in the

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	exempt Appendix, plus reimbursement of all professional fees related to the disposal. An overage provision has been included in the event that the asset is re-sold.
Relevant Overview & Scrutiny Sub Committee:	Overview & Scrutiny Board
Is this decision exempt from being called-in?	The decision will be exempt from call in as it is a Non-Key Decision

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The subject matter of this report deals with the following Council Objectives

People - Supporting our residents to stay safe and well

Place - A great place to live, work and enjoy **X**

Resources - Enabling a resident-focused and resilient Council **X**

Part A – Report seeking decision

DETAIL OF THE DECISION REQUESTED AND RECOMMENDED ACTION

To approve the sale of the Property to Havering Asian Social and Welfare Association (“HASWA”), charitable company - registered company no 4394262 - based on the agreed Heads of Terms at exempt **Appendix A**.

AUTHORITY UNDER WHICH DECISION IS MADE

Havering Council’s Constitution
Scheme 3.3.5
Specific Powers of the Strategic Director of Place.

8. Property

8.1 To be the Council’s designated corporate property officer, responsible for the strategic management of the Council’s property portfolio, including corporate strategy and asset management, procurement of property and property services, planned and preventative maintenance programmes, property allocation, security and use, reviews, acquisitions and disposals, and commercial estate management.

8.6 To dispose of any property or asset of the Council provided that the value of the property or asset is less than £1,000,000. The delegation is subject to the following requirements:

- (a) complying with the Code of Practice on the Disposal of Surplus Property.
- (b) in cases where the Cabinet has already approved the principle but not the terms of a property disposal without the invitation of competitive bids, the provisionally agreed terms of any disposal exceeding £1,000,000 shall be reported to Cabinet for approval before the transaction is concluded.
- (c) in cases that have not been the subject of competitive bids but are below £1,000,000 in value, the provisionally agreed terms of disposal shall be reported to the Strategic Director of Resources, before the transaction is concluded.
- (d) complying with relevant Council policy on property transactions
- (e) referring a matter for Member decision where it is proposed to recommend other than the best financial bid.

The above powers are the subject of a formal sub-delegation from the Strategic Director of Place, to the Director of Housing & Property and subsequently to the Assistant Director of Regeneration & Place Shaping.

STATEMENT OF THE REASONS FOR THE DECISION

Background

The Trustees of the Havering Asian Social Welfare Association (“the Trust”) currently lease the Property under a 10-year lease dated 29 May 2013 and commencing on 24 June 2013. The lease provides for an equitable rent, representing one third of market value, last reviewed in accordance with the lease provisions in 2018 at a sum of £4,266p.a, suggesting a market rent at that time of £12,800.

In advance of the lease renewal due in 2023, the Trust made representations in October 2022 to Local Members regarding their desire to acquire the Council’s freehold interest in the Property as identified in the site plan attached as **Appendix B**. Local Members in turn approached officers who subsequently obtained Cabinet approval on 8th February 2023 to dispose of the asset to the Trust, subject to agreeing suitable terms.

Following the Cabinet approval, Glenny LLP were instructed to provide a Red Book valuation and negotiate terms for the disposal of the Property on behalf of the Council. Their original report provided for an ‘equitable value’ which allowed for a 50:50 split of the marriage value of the asset between parties assuming a sale with vacant possession.

Unsatisfied with the Glenny valuation, the Trust instructed their own valuer who disregarded the marriage value. The parties failed to agree on the marriage value, however they agreed a settlement which reflected the respective valuers’ opinions of the Council’s interest subject to the renewed lease. Under the proposed terms, it is suggested that the marriage value be disregarded/deferred subject to the inclusion of a overage clause triggered upon any subsequent sale of the Property. Under this provision, HASWA would pay back the Council 50% of any gross profit in the event that they sold the Property in a period of 25 years from completion. A copy of the valuation report supporting these negotiations is provided at exempt **Appendix C**.

In addition, the Property would be sold subject to a covenant restricting its use to a community centre for providing facilities for recreation and social purposes or education and physical training only. A service charge would also be payable to cover the reasonable and proper maintenance and management of the common areas with the adjoining property.

At its meeting on 8th February 2023, Cabinet agreed a medium-term asset disposal programme spanning 2022-2028, to provide a pipeline of capital receipts as an integral part of the Council’s wider Capital Strategy. Authority was granted for the disposal of a number of sites, including the disposal of the Property to the Trust.

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OTHER OPTIONS CONSIDERED AND REJECTED

Option: To grant the Trust a new 10-year lease.

The Trust benefit from the Council's equitable rent policy which offers a discount on market rent. The Council could choose to remove/amend the current rent subsidy and apply a market rental, current assessed to be c £30,000 p.a.

The proposed receipt represents a satisfactory capital equivalent to rental income at the current market rate.

PRE-DECISION CONSULTATION

The following have been consulted over the proposed transfers & easements – Legal Services and Property Services.

NAME AND JOB TITLE OF STAFF MEMBER ADVISING THE DECISION-MAKER

Name: Christopher Pasterfield

Designation: Principal Asset Surveyor

Signature:

Date:

Part B - Assessment of implications and risks

LEGAL IMPLICATIONS AND RISKS

The recommendation of this report requires the council to consent to the disposal of the Property in accordance with the terms stipulated in **Appendix A**.

1. The Council has a general power of competence under Section 1 of the Localism Act 2011, which gives the power to do anything an individual can do, subject to any statutory constraints on the Council's powers.
2. The Council also has the powers under Section 123(1) of the Local Government Act 1972 to dispose of land in any manner it wishes, subject to subsection 123(2) which provides that land should not be disposed of for less than best consideration on a transfer of the freehold or lease of more than 7 years.
The Council has instructed Glenny to carry out a Red Book Valuation to evidence compliance with the Council's duty to obtain best value in accordance with s123(2) of the Act. In order to obtain best value, the overage provision was agreed as overage can be included in the determination of value for s123 purposes. Whilst obtaining valuation advice does not entirely remove the risk of challenge it is best practice and will mitigate the risk of challenge

The recommendations in this report are in keeping with the above powers.

FINANCIAL IMPLICATIONS AND RISKS

1. This decision recommends the sale of the Greenfields Centre in Hornchurch to the current occupant on the terms set out in the exempt appendices. The restricted planning use of the building means the market value is negatively affected and therefore this should not be treated as a standard commercial decision.
2. The value of the capital receipt is in line with the current market value but that value doesn't take into account a possible future lease arrangement and what that would do to the market value. To protect the authority a clause has been entered into the agreement stating that should the new freeholder choose to sell the asset within 25 years from completion date, then 50% of any gross profit would be calculated against either the sale price or Market Value, whichever is the greater. This would likely offset the lost income from the lease.
3. The Council currently receives ground rent of circular £4k per annum. However, this value has remained unchanged since 2018 and a current value would be more than double this, subject to negotiation. The service must mitigate the impact of the loss of income on its future revenue budget by managing the Commercial Portfolio.
4. The Council has a £10m Capital Receipt target for which this decision is related to. However, the authority must make a decision which balances between maximising income generation to support its annual revenue budget versus capital receipts that reduce future borrowing costs.
5. The Council's reasonable legal, property and valuation fees will be met by the purchaser.

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6. It should be noted that the sale would transfer the responsibility to the new freeholder any future liabilities around major repairs or renovation.

**HUMAN RESOURCES IMPLICATIONS AND RISKS
(AND ACCOMMODATION IMPLICATIONS WHERE RELEVANT)**

None.

EQUALITIES AND SOCIAL INCLUSION IMPLICATIONS AND RISKS

The Public Sector Equality Duty (PSED) under section 149 of the Equality Act 2010 requires the Council, when exercising its functions, to have “due regard” to:

- (i) The need to eliminate discrimination, harassment, victimisation and any other conduct that is prohibited by or under the Equality Act 2010.
- (ii) The need to advance equality of opportunity between persons who share protected characteristics and those who do not, and;
- (iii) Foster good relations between those who have protected characteristics and those who do not.

Note: “Protected characteristics” are age, sex, race, disability, sexual orientation, marriage and civil partnerships, religion or belief, pregnancy and maternity and gender reassignment.

The Council is committed to all of the above in the provision, procurement and commissioning of its services, and the employment of its workforce. In addition, the Council is also committed to improving the quality of life and wellbeing for all Havering residents in respect of socio-economics and health determinants.

An EHIA (Equality and Health Impact Assessment) is usually carried out and on this occasion is not required.

The Council seeks to ensure equality, inclusion, and dignity for all in all situations.

There are no equalities and social inclusion implications and risks associated with this decision.

ENVIRONMENTAL AND CLIMATE CHANGE IMPLICATIONS AND RISKS

None.

BACKGROUND PAPERS

Cabinet Report – 8th February 2023 – Asset Disposals

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APPENDICES

Appendix A Agreed Heads of Terms. (Exempt)

Appendix B Site Plan.

Appendix C Red Book valuation letter dated 28th November 2024 (Exempt)

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Part C – Record of decision


I have made this executive decision in accordance with authority delegated to me by the Leader of the Council and in compliance with the requirements of the Constitution.

Decision

Proposal agreed

Details of decision maker

Signed



Name: Mark Butler

Head of Service title: Assistant Director of Regeneration & Place Shaping.

Date: 12th January 2026

Lodging this notice

The signed decision notice must be delivered to Democratic Services, in the Town Hall.

For use by Committee Administration

This notice was lodged with me on _____

Signed _____