



City of Westminster

# Cabinet Member Report

<b>Decision Maker:</b>	Leader of the Council
<b>Date:</b>	17 July 2020
<b>Classification:</b>	General Release except for confidential documents within the Appendix
<b>Title:</b>	Delegation of authority to approve reservations and sale terms of units at Venice Court (Formerly Parsons North)
<b>Wards Affected:</b>	Little Venice
<b>Key Decision:</b>	Yes
<b>Report of:</b>	Director of Development

## 1. Executive Summary

- 1.1. The Development Sales Programme currently comprises four schemes across the Borough at The Masefield, Venice Court, Luton Street and Cosway Street. The first of the schemes, The Masefield, launched in October 2019 with Venice Court due to launch in March 2020.
- 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 and 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 Venice Court.

## **2. Recommendations**

2.1. The Cabinet Member is recommended to approve;

2.1.1. Appendices 1 and 2 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 and Housing or Director of Development and named officers to approve reservations and the sale terms of private sales units at Venice Court, 124 Hall Place in accordance with section 5 of this report.

2.1.3. The delegation of authority to the Executive Director of Growth, Planning and 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 Venice Court, 124 Hall Place**

5.1. The development at Venice Court consists of 41 private sale apartments the receipts of which will be partly cross subsidising the delivery of 19 affordable units contained within the same building.

5.2. The 41 units provide a mix of apartment types as outlined below;

<b>Unit Type</b>	<b>No of Units</b>
Studio	1
1 bed	14
2 bed	20
3 bed	6
<b>Total</b>	<b>41</b>

5.3. Working with the instructed sales team, Knight Frank (“KF”) and the construction team, a proposed sales and marketing strategy is in place to launch the units on the open market in March 2020 with the show home being available from September 2020.

5.4. The current net achievable base line pricing for Venice Court 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, KF 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 Venice Court are included within Appendix 2.

**6. Financial Implications**

6.1. 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 Venice Court. Subsequent disposals at other development sites will be subject to further approval.

6.2. The project, which includes 41 private units and 19 affordable units at Venice Court, is currently forecast to cost a total of £35.4m. Part funded by Affordable Housing Fund of £4.75m and GLA grant of £1.0m, the cost of the scheme will primarily be met by the capital receipts generated from the sale of the private units.

6.3. The HRA business plan assumes Venice Court will generate receipts of £35.0m and the proposed dealing margin would achieve this target income level as outlined in Appendix 1.

6.4. The receipts from Venice Court will support the HRA capital programme and its overall business plan. If the final net receipts fall below the budgeted amount the

HRA would be required to identify savings in revenue to support the additional borrowing required or reduce expenditure elsewhere within its capital programme.

**Finance comments provided by Timothy Hampton, Strategic Finance 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 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). Best price reasonably obtained' means achieving maximum value from the disposal, not just maximum price.
- 7.2. 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.
- 7.3. The Council's legal section has been informed that the site sits within the Housing Revenue Account and will remain within the HRA. Section 32 of the Housing Act 1985 gives a local authority power to dispose of housing land with the consent of the Secretary of State.
- 7.4. The General Housing Consents 2013 set out those situations where the specific consent of the Secretary of State is not required before a local authority disposes of council housing land and associated assets.
- 7.5. Paragraph A3.1.1 of the General Housing Consents 2013 states that a local authority may dispose of land for a consideration equal to its market value.
- 7.6. The General Housing Consents 2013 defines "market value" as meaning the amount for which a property would realise on the date of the valuation on a disposal between a willing buyer and a willing seller in an arm's-length transaction after proper marketing where the parties had each acted knowledgeably, prudently, and without compulsion and where the market value is assessed not earlier than 3 months before the buyer applies or agrees to an offer in writing.
- 7.7. The Red Book Valuation as outlined in 7.2 has been obtained on the same understanding of market value.

7.8. Under the Council's Scheme of Delegation 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 Venice Court at premiums in excess of £500k.

**Legal comments provided by Teruyoshi Suzuki, 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**

**Jack Pearce, Sales and Development Manager 07535 947 875**

## **Appendix**

1. Appendix 1 – Venice Court Pricing - Business Case Net Position
2. Appendix 2 – Section 5 Financial Information – Dealing Margin to achieve Business Case Net Position

*NB: For individual Cabinet Member reports only*

For completion by the **Leader of the Council**

**Declaration of Interest**

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

Signed: \_\_\_\_\_ Date: \_\_\_\_\_

NAME: **Councillor Rachael Robathan, Leader of the Council**

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 Venice Court (Formerly Parsons North)** and reject any alternative options which are referred to but not recommended.

Signed .....

Councillor Rachael Robathan, Leader of the Council

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:  
.....  
.....  
.....  
.....  
.....

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 human 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 and 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.