

**Community Wealth Building
Islington Town Hall, London N1 2UD**

Report of: Executive Member for Finance, Planning & Performance

Meeting of:	Date:	Ward:
Executive	20 April 2023	Caledonian
Delete as appropriate		Part exempt

The appendices to this report are exempt and not for publication

SUBJECT: Disposal of Land at York Way for development purposes

1. Synopsis

- 1.1 The Council, own a number of parcels of land off of York Way close to the closed York Way former underground station. The primary parcel, a small triangular site is currently used as a depot for the housing repairs team, which will be relocated. Other elements are roadways, pavement areas and the like.
- 1.2 The substantial site to the north and wrapping around the depot has been acquired by developers who, subject to planning, are proposing to deliver a significant new build life science development offering the potential to significantly enhance the immediate environs and generate local employment and supply chain opportunities.
- 1.3 Agreement has now been reached with the developers to transfer the council's freehold land for a minimum price subject to planning permission and the subsequent completion and letting of the development. In the meantime, the council would benefit from a geared ground rent providing much needed income to support council services.
- 1.4 The details of the arrangements are contained in Appendix 1, which is exempt from publication due to its commercially sensitive content, but broadly amount to the transfer of land freehold to the developer and the grant of a long leasehold back to the council. The developer on certain conditions has the ability to buy out the council's long lease interest

2. Recommendation

- 2.1 To authorise the Corporate Director for Community Wealth Building, following consultation with the Corporate Director of Resources, to enter into the arrangements for the transfer of land, entering into a long lease and other related issues on the terms set out in exempt Appendix 1.

3. Background

- 3.1 The majority of the site wrapping around the council's land ownerships has lain fallow for a considerable period of time being used as a used car dealership. The new owner proposes, subject to planning, to develop a substantial life sciences facility offering the potential to

significantly enhance the immediate environs and generate local employment and supply chain opportunities. There are significant engineering challenges as the site sits above both tube and rail lines.

- 3.2 The Council has agreed, in order to facilitate the development, to relocate certain services and transfer land for the development in a transaction that optimises the financial return to the council and creates a suitable structure to ensure clear separation from the council as a landowner and the statutory planning authority.
- 3.3 The inclusion of council owned land assists the engineering solutions to raft over the infrastructure below ground and also significantly improves the potential layout and deliverability of the proposed development.
- 3.4 The structure of the deal confirms a minimum disposal price, albeit deferred until the completion and letting of the site should the developer opt to buy the councils interest out. In the meantime, the council would benefit in effect from a geared ground rent providing much needed income to support council services.
- 3.5 The Executive is therefore asked to authorise entering into the necessary land transfer and other documents on the terms set out in the exempt Appendix 1 to conclude this matter.

4. Implications

4.1 Financial implications

- 4.1.1 The financial arrangements of the transaction are set out in the exempt Appendix 1 and confirm that the proposed arrangements are in line with market conditions and reflect the Council's fiduciary duty.
- 4.1.2 It remains to be confirmed if the parcels of land that form part of this proposed agreement are currently held in the HRA, the General Fund or designated to Highways or a mixture of all 3.
- 4.1.3 The outcome of which will determine the Council's entitlement to dispose of the land (if any part of the land is designated to Highways) and whether the revenue or capital income streams arising from this agreement flow to the HRA or General Fund.
- 4.1.4 The detail underpinning the structure of this agreement and the potential revenue/capital income that will be generated is set out in the exempt Appendix 1.
- 4.1.5 There are technical accounting issues that will need to be considered and resolved as part of the process including but not limited to issues pertaining to the HRA ring fence in respect of capital receipts and the appropriation of land from the HRA to the General Fund should it be required for the purposes of planning.
- 4.1.6 At this stage any accounting financial risks associated with this agreement have not been fully assessed, it is recommended that appropriate expert advice is sought to carry out an accounting financial risk assessment.

4.2 Legal Implications

- 4.2.1 The Council has the power under s120 of the Local Government Act 1972 to enter into the proposed arrangements for the purposes of any of its functions, or the benefit, improvement or development of its area. The proposed arrangement would satisfy these conditions. The exempt Appendix 1 confirms that the arrangements reflect the requirements of the relocation and in

agreeing the terms of the arrangements the Council has acted in accordance with its fiduciary duty.

4.3 **Equalities Impact Assessment**

4.3.1 The Council must, in the exercise of its functions, have due regard to the need to eliminate discrimination, harassment and victimisation, and to advance equality of opportunity, and foster good relations, between those who share a relevant protected characteristic and those who do not share it (section 149 Equality Act 2010). The Council has a duty to have due regard to the need to remove or minimise disadvantages, take steps to meet needs, in particular steps to take account of disabled persons' disabilities, and encourage people to participate in public life. The council must have due regard to the need to tackle prejudice and promote understanding.

4.3.2 An Equalities Impact Assessment is not required in relation to this report, because this matter relates to a commercial investment transaction in respect of property held for income generation. There are no Human Resources or equality implications in respect of this proposal.

4.4 **Environmental Implications and contribution to achieving a net zero carbon Islington by 2030**

4.4.1 There are no particular environmental or net zero implications associated with the land transfer arrangements. The existing council use will be transferred to space within the current portfolio.

The proposed development will be subject to conditions in respect of the planning permission, and these will include significant improvements to the public realm and environment in developing the existing brown field site into a modern life sciences focused building.

5. **Reason for recommendation**

5.1 In resolving the ownership issues, the provision of an appropriate fit for purpose building and other related issues will enable the long-term security of the site to be established.

5.2 The transfer will generate a new income stream for the Council and the potential for a future capital receipt. Additionally in completing the arrangement the council will enable the delivery of the development creating a valuable employment space in line with the Community Wealth Building Strategy.

Appendices

- Exempt Appendix 1: Heads of Terms and site plan for transfer of land, long lease and related issues.

Final report clearance:

**Authorised
by:**

Executive Member for Finance, Planning & Performance

Date: 6 April 2023

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