

DECISION-MAKER:	CABINET
SUBJECT:	PROPERTY DISPOSAL PROGRAMME – APPROVAL TO DETAILED TERMS
DATE OF DECISION:	16 APRIL 2013
REPORT OF:	CABINET MEMBER FOR RESOURCES

STATEMENT OF CONFIDENTIALITY

Confidential Appendix 3 to this report contains information deemed to be exempt from general publication based on Category 3 of Paragraph 10.4 of the Council’s Access to Information Procedure Rules. The Appendix includes a table showing the rental income and values of property which, if disclosed prior to entering into any contracts, could put the Council at a commercial disadvantage. In applying the public interest test it is not considered appropriate to publish this information as it could influence bids for a property which may be to the Council’s financial detriment.

BRIEF SUMMARY

The report seeks approval to the disposal of Portland Terrace NCP Car Park and 173-178 High Street freehold investments at not less than the minimum prices set out in the confidential Appendix, and to delegate powers to the Head of Property, Procurement and Contract Management, in consultation with the Cabinet Member for Resources, to approve detailed terms which exceed the stated minimum price.

RECOMMENDATIONS:

- (i) to approve the principle of the disposal of the Council’s freehold investments at Portland Terrace NCP Car Park and 173-178 High Street.
- (ii) to delegate authority to the Head of Property, Procurement and Contract Management after consultation with the Cabinet Member for Resources to approve the sale to the preferred bidders at not less than the minimum prices set out in the confidential Appendix, and to subsequently negotiate and carry out all ancillary matters to enable disposal of the sites.
- (iii) that the Head of Legal, HR and Democratic Services be authorised to enter into any legal documentation necessary in respect of the sales
- (iv) to note that the estimated value of the capital receipt from these disposals has already been built into the funding of the capital programme. Any receipt that differs from the estimates will need to be considered corporately as part of any future prioritisation of resources.

REASONS FOR REPORT RECOMMENDATIONS

1. The delegated authority to the Senior Manager, Property, Procurement and Contract Management to approve land and property disposals is limited to £1,000,000 where this is in consultation with the Cabinet Member for Resources, Leisure and Culture. The Portland Terrace disposal will realise over £1,000,000 and the High Street disposals may realise in excess of this figure requiring Cabinet approval to terms. This report is the vehicle to provide the necessary approvals.

ALTERNATIVE OPTIONS CONSIDERED AND REJECTED

2. Do nothing - the opportunity for significant capital receipts would be lost.

DETAIL (Including consultation carried out)

3. The properties included within this phase of the Disposal Programme are Portland Terrace NCP Car Park and 173-178 High Street.
4. The Portland Terrace NCP Car Park is let to CP Co 2 Limited. The lease is for 99 years from 1 Jan 1966 to 31 December 2064. The rent varies annually and is linked to a formula based upon 40% of the turnover from the car park. CP Co 2 Limited sublet the whole car park to NCP. The average rent over the last 7 years is £375,000 pa and the current rent is £383,000 pa.
5. 173-178 High Street is let to the Alecta Fund under a 125 year lease from 25 November 1991 expiring 24 November 2116. The rent varies annually to 10.5% of the annual rents received from the various under tenants which include Argos, Tesco, and Solent University. The estimated rent for the current financial year is approximately £43,000 pa and this is forecast to rise next year to £49,000 pa.
6. Confidential Appendix 3 sets out the proposed minimum prices expected to be realised for the disposal for both properties including a disposal price, over and above which the Head of Property, Procurement and Contract Management in consultation with the Cabinet Member for Resources Leisure and Culture, shall be delegated powers to approve the transactions.
7. The Head of Development Economy and Housing Renewal has no objection to the disposal of these two properties. 173-178 High Street forms part of the West Quay 3 Eastern site that is referred to in the City Centre Action Plan. However the redevelopment of the Eastern site is a long way off especially as there have been a number of 'new ' occupational leases granted over the last few years and therefore the proposed disposal of the freehold is not likely to have an impact on the Eastern sites redevelopment in the near future.

RESOURCE IMPLICATIONS

Capital/Revenue

8. The sale of the sites will realise a 100% capital receipt to the General Fund which has already been built into the funding of the current capital programme. Any receipt that differs from the estimates will need to be considered corporately as part of any future prioritisation of resources.

9. The disposal of the freeholds would result in a £426,000 loss of income per annum to the Resources Portfolio Investment Property Account. The ongoing loss of income will be built into future estimates for the Investment Property Account.

Property/Other

10. Initial approaches have been made to both long leaseholder tenants to ascertain their interest in the respective freeholds. If reasonable terms cannot be agreed with the long leaseholders the Portland Terrace car park will likely be marketed by private treaty sealed bids, and the High Street Property by auction. The marketing exercises will demonstrate that the Council is receiving not less than the best consideration. Only unconditional offers will be considered.

LEGAL IMPLICATIONS

Statutory power to undertake proposals in the report:

11. Section 233(1) Town and Country Planning Act 1990 provides that where land has been acquired or appropriated for planning purposes, the authority may dispose of such land to such person, in such manner and subject to such conditions as appear to them to be expedient in order to secure the best use of that land and any buildings constructed on it.
12. Section 233(3) further provides that the consent of the Secretary of State is only required (for such disposals) where the consideration is less than best consideration

Other Legal Implications:

13. None

POLICY FRAMEWORK IMPLICATIONS

14. The disposal of a Council property for capital receipt supports the Council's capital programme.

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KEY DECISION? Yes

WARDS/COMMUNITIES AFFECTED:	none
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SUPPORTING DOCUMENTATION

Non-confidential appendices are in the Members' Rooms and can be accessed on-line

Appendices

1.	Portland Terrace NCP Car Park - Plan
2.	173-178 High Street - Plan
3.	Detailed terms (exempt)

Documents In Members' Rooms

1.	None
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Integrated Impact Assessment

Do the implications/subject of the report require an Integrated Impact Assessment (IIA) to be carried out.	Yes/No
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Other Background Documents

Integrated Impact Assessment and Other Background documents available for inspection at:

Title of Background Paper(s)

Relevant Paragraph of the Access to Information Procedure Rules / Schedule 12A allowing document to be Exempt/Confidential (if applicable)

1.	None	
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