

DECISION-MAKER:	CABINET
SUBJECT:	*PROPOSED DISPOSAL OF MARLAND HOUSE
DATE OF DECISION:	29 JANUARY 2013
REPORT OF:	CABINET MEMBER FOR RESOURCES
STATEMENT OF CONFIDENTIALITY	
Appendix 1 is confidential, the confidentiality of which is based on category 3 of paragraph 10.4 of the Council's Access to Information Procedure Rules. It is not in the public interest to disclose this because doing so would prejudice the authority's ability to achieve best consideration for the disposal of land (the identity of the preferred developer and the figures associated with the land transaction are commercially sensitive).	

BRIEF SUMMARY

It is anticipated that Marland House will be surplus to the Council's accommodation requirements by September 2014 (latest) and City Development has been working in collaboration with Corporate Services and Capita to find a disposal solution which mitigates the Council's future liability for the building, meets its short term operational requirements and fits with the Master Plan Vision. Accommodation issues relating to the relocation of remaining staff in Marland House to other Civic Buildings will be dealt with through a separate report and consultation. Following the recent marketing of the property, a number of offers have been received and an evaluation of these offers undertaken, resulting in the recommendation below.

RECOMMENDATION

- (i) to approve the disposal of the Council's freehold at Marland House subject to a leaseback to the Council of the offices at a peppercorn rent until September 2014, and to include the simultaneous disposal of the Council's freeholds at 5 to 13 Civic Centre Road and 36 Windsor Terrace, all to the recommended bidder on the basis set out in Bid C in Confidential Appendix 1 and to subsequently negotiate and carry out all ancillary matters to enable disposal of the site.
- (ii) that the Senior Manager for City Development, in consultation with the Head of Legal, HR and Democratic Services be authorised to enter into any legal documentation necessary in respect of the sales.
- (iii) to note that the estimated value of the capital receipt from the disposal has already been built into the funding of the capital programme. Any receipt that differs from the estimate will need to be considered corporately as part of any future prioritisation of resources.

REASONS FOR REPORT RECOMMENDATIONS

1. The marketing of the building for development or refurbishment, subject to a lease back to the Council until it is ready to vacate (by September 2014) has proved successful and offers from several interested parties have been received. The majority of the interest has been from developers interested in the refurbishment/conversion of the upper parts and retention of the ground floor as retail/restaurant units. The detail and officer evaluation of all offers received is attached in the schedule at Confidential Appendix 1.

2. The best scoring bid is C. The recommended bidder intends to convert the premises to a combination of innovation/creative industry start up units (at part ground, first and second floor levels) and student accommodation (at third to eighth floor levels), retaining and enhancing the retail/restaurant units at ground floor. This proposal has the advantage of providing an early capital receipt, with potential for an additional payment on the grant of planning consent. It will also provide improvements to the exterior of the building and create 60 jobs.

ALTERNATIVE OPTIONS CONSIDERED AND REJECTED

3. Not disposing of the property and risking the associated future revenue and capital liabilities.
4. Recommending acceptance of a worse scoring offer which produces either a smaller capital receipt or runs a greater risk of not being delivered.

DETAIL (Including consultation carried out)

Master Plan Vision

5. Potential uses for this area of the City include retail, restaurant and leisure uses at ground floor (to ensure active street frontages) with office, hotel or residential uses at upper floor levels overlooking the parks.
6. The majority of the offers received (including the offer recommended) are on the basis of refurbishment rather than full redevelopment and none would be detrimental to achieving the Council's aspirations for improved links between Above Bar and the proposed Station Quarter.

Accommodation and repair cost considerations

7. Taking account of the planned reduction in staff numbers occupying civic buildings, it is now anticipated that Marland House could be fully vacated and remaining staff relocated to One Guildhall Square or the Civic before September 2014. This can be achieved in a number of different ways which will have cost implications which will vary depending on which are adopted. This information will be the subject of a separate report.
8. As well as generating a capital receipt, the disposal and vacation of the building will result in significant revenue cost savings and avoidance of future unbudgeted repair costs.
9. All offers to purchase (including that recommended) are on the basis of up front capital payments and a lease back of the offices to the Council at £1 until September 2014 with no or minimal repairing liabilities.

RESOURCE IMPLICATIONS

Capital/Revenue

10. The marketing costs are being funded through the Property Management disposal budget which falls within the Resources Portfolio.
11. The best scoring bid on the officer evaluation of the offers received is on an unconditional basis, with potential for an additional amount being paid on receipt of a satisfactory planning consent.

12. The disposal will realise a 100% 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.
- 13 The disposal includes the freeholds of 5 -13 Civic Centre Road and 36 Windsor Terrace resulting in a loss of £52,940 pa to the Resources Portfolio Investment Portfolio Account. This loss of income has been built into the estimates for 2013/14 and ongoing.

Property/Other

- 14 The recommended offer provides for a lease back to the Council until September 2014.

LEGAL IMPLICATIONS

Statutory power to undertake proposals in the report:

- 15 Local Government Act 1972 Section 123.

Other Legal Implications:

- 16 There are no OJEU considerations as the Council is not procuring works but simply seeking to control the use through the grant of a 999 lease and/or planning policy.

POLICY FRAMEWORK IMPLICATIONS

- 17 None

AUTHOR:	Name:	Gillian Sheeran	Tel:	023 8083 2588
	E-mail:	gillian.sheeran@southampton.gov.uk		

KEY DECISION? Yes

WARDS/COMMUNITIES AFFECTED:	Bargate
------------------------------------	---------

SUPPORTING DOCUMENTATION

Appendices

1.	Confidential Appendix 1: Officer Evaluation of Offers
----	--------------------------------------------------------------

Documents In Members' Rooms

1.	None
----	------

Equality Impact Assessment

Do the implications/subject of the report require an Equality Impact Assessment (EIA) to be carried out.	Yes/No
----------------------------------------------------------------------------------------------------------	--------

Other Background Documents

Equality 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
----	------