

DECISION-MAKER:	CABINET		
SUBJECT:	PROPERTY DISPOSALS – REVISION OF AGREED TERMS		
DATE OF DECISION:	15 JULY 2014		
REPORT OF:	CABINET MEMBER FOR RESOURCES		
<u>CONTACT DETAILS</u>			
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STATEMENT OF CONFIDENTIALITY

Confidential Appendix 1 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 details of a proposed transaction which, if disclosed prior to entering into a Legal contract, could put the Council at a commercial disadvantage.

BRIEF SUMMARY

This report seeks authority to the disposal of the following four properties, three of which were subject to previous Cabinet decisions:

- Marland House
- 60 – 64 St Mary's Road
- Former Eastpoint site
- 22 – 28 Above Bar Southampton (long leasehold interest)

The terms negotiated differ from previous approvals and Cabinet are requested to approve the revised terms. In the case of 22 – 28 Above Bar this is a new disposal for which approval is sought.

RECOMMENDATIONS:

- (i) To delegate authority to the Head of Property, Procurement and Health and Safety to negotiate and agree the terms of the sale following consultation with the Cabinet Member for Resources, and the Leader in respect of Marland House, and Culture and carry out all ancillary matters to dispose of the site on the basis of the terms set out in the confidential appendix.
- (ii) To note the estimated value of the capital receipt from these disposals has already been built into the funding of the capital programme, apart from the new receipt for 22 - 28 Above Bar. Any receipts that differ from the estimates will need to be considered corporately as part of any future prioritisation of resources as the intention is to use any additional capital receipts from disposals over and above those which are funding the current programme to repay long-term council borrowing.

REASONS FOR REPORT RECOMMENDATIONS

1. To release properties surplus to Council requirements
2. To raise a capital receipt.

ALTERNATIVE OPTIONS CONSIDERED AND REJECTED

3. Marland House, 60 – 64 St Marys Road and the former Eastpoint site have been declared surplus by the Council. Retention of the properties would not be viable as cost would exceed revenue.
4. Not disposing of a long leasehold interest would mean the Council would continue to receive a low fixed income. The capital receipt is more beneficial.

DETAIL (Including consultation carried out)

5. Cabinet approved the disposal of Marland House on 29th January 2013. The preferred bidder was not in a position to conclude the transaction in a timescale to give the Council certainty over its proposals to vacate in the Autumn of this year. With improving market conditions the property was placed back on the market. The bidding process has been concluded and the recommendations are set out in the confidential appendix.
6. The Council has a contract with Bougyues for the sale of 60 – 64 St Mary's Road with the condition of if the contract could not be satisfied by 30 April 2014 then it could be terminated. Although this deadline has passed, Bougyues have undertaken investigative and design work, and submitted a planning application for development on a reduced scale. Recommendations are included in the confidential appendix.
7. Cabinet approved a sale of the former Eastpoint site at Cabinet in September 2011, and the Council entered into an option agreement and lease with a Apprenticeship Training Limited (ATL). They were replaced by their parent company (JT Consultancy) as the provider of training, and have taken over the lease to the property, although an option was not concluded prior to liquidation of ATL. The Council are seeking to use part of the former Eastpoint site for an energy centre, whilst the former day centre adjoining the site has become vacant. Revised terms for a sale, reflecting these changes circumstances are included in the confidential appendix.
8. 22 – 28 Above Bar is a retail unit which is currently occupied by Primark, who own a headlease. They have the remainder of 35 years left on their lease and are seeking to acquire the freehold / long leasehold of the property. Recommendations are included in the confidential appendix.

RESOURCE IMPLICATIONS

Capital/Revenue

9. The sale of these properties will realise a 100% capital receipt to the General Fund which has already been built into the funding of the current capital programme, apart from the new receipt from 22 – 24 Above Bar. Any receipt that differs from the estimates in terms of value and timing will need to be considered as part of any future prioritisation of resources as the intention is to use any additional capital receipts from disposals over and above those which are funding the current programme to repay long-term council

borrowing. In practice this will be subject to the current position on temporary borrowing at that time together with any future prioritisation of resources.

10. As reported in February 2014 the capital programme is fully funded based on the latest forecast of available resources although the forecast can be subject to change: most notably with regard to the value and timing of anticipated receipts. The capital receipts set out in the attached confidential appendix should therefore be considered as part of a wider assessment of forecast receipts.
11. The revenue implications resulting from the disposal of Marland House, 60 – 64 St Mary's Road and Eastpoint have been set out in previous Cabinet reports, and where applicable are reflected in the Resources and Leisure Portfolio Investment Property income estimates from 2014/15 and ongoing. . The revenue implications for 22 – 28 Above Bar are included in the confidential appendix and have also been reflected in the Investment Property income estimates from 2014/15 based on an assumed disposal date.
12. The capital receipts are included in the confidential appendix.

Property/Other

13. 22 – 28 Above Bar is within the Resources and Leisure Portfolio Investment Property Account. It is intended that the Council retain a long leasehold interest in the property to ensure there is an unbroken freehold ownership to Above Bar.
14. The remaining properties included have all been declared surplus to Council requirements under previous Cabinet decisions.

LEGAL IMPLICATIONS

Statutory power to undertake proposals in the report:

15. The property interests are to be sold under powers contained in section 123 Local Government Act 1972 or section 223 town and Country Planning Act 1990.

Other Legal Implications:

16. None.

POLICY FRAMEWORK IMPLICATIONS

None

KEY DECISION? Yes/No

WARDS/COMMUNITIES AFFECTED:	Bargate, Bevois and Bitterne.
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SUPPORTING DOCUMENTATION

Appendices

1.	Confidential Appendix
2.	Plan V3528 Plan of former Eastpoint Centre

Documents In Members' Rooms

1.	None
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Equality Impact Assessment

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