

WRITTEN STATEMENT OF A KEY DECISION CABINET MEMBER CONTRACTS AND ASSETS

ITEM:	DISPOSAL OF FREEHOLD GROUND LEASES AT ROTHERWAS INDUSTRIAL ESTATE
Date of Decision:	7 April 2017
Exempt:	No
Confidential	No
This is a key decision because it is likely to result in the council incurring expenditure which is, or the making of savings which are, significant having regard to the council's budget for the service or function to which the decision relates.	
A notice was served in accordance with Part 3, Section 9 (Publicity in connection with key decisions) of The Local Authorities (Executive Arrangements) (Meetings and Access to Information) (England) Regulations 2012.	
Urgency/Special Urgency: (As defined in Constitution)	No
Purpose:	To approve the disposal of part of the council's portfolio of freehold ground leases at Rotherwas and appoint an external agent to undertake the marketing and disposal on behalf of the council.
Decision:	THAT: (a) the disposal of that part of the council's portfolio of freehold interests in various industrial sites currently subject to long leases (as identified in the schedule at appendix A and shown on the plan at appendix B) at Rotherwas be approved.
Reasons for the Decision:	<p>The majority of the portfolio is let on low ground rents and produces a low rental income stream.</p> <p>Staff time in both estates and legal departments is required to manage the long ground leases and this could be better utilised on higher profile more valuable transactions.</p> <p>The opportunity to realise a capital receipt would be lost.</p> <p>The true value of this type of investment property portfolio is difficult to identify. Public auction is considered the most appropriate method as it exposes the property to all potentially interested parties in a competitive bidding place and brings certainty and transparency that the maximum capital receipt has been realised.</p> <p>The portfolio will be of interest to a national and possibly international market and hence the need to use a well-established firm to market the opportunity is necessary.</p>

Options Considered:	<p>Do nothing and retain the portfolio. This is not recommended as an opportunity to realise a capital receipt would be lost and continued staff resource will need to be utilised in managing the portfolio.</p> <p>Market the portfolio internally. This is not recommended as the maximum capital value is unlikely to be realised.</p> <p>Negotiate sale terms direct with existing tenants for them to purchase the freehold interest. This would be attractive to some tenants but it is difficult to ensure best value is achieved without exposure to the open market, given the difficulty in assessing market value of these property interests.</p>
Conflict of Interest ■ (See below):	
Date the key decision is due to take effect:	13 April 2017

<p>COUNCILLOR H BRAMERDate: 7 April 2017 Cabinet member contracts and assets</p>

- a record of any conflict of interest declared by any executive member who is consulted by the member which relates to the decision;

And

- in respect of any declared conflict of interest, a note of dispensation granted by the relevant local authority's head of paid service.