

<b>Decision maker:</b>	<b>Cabinet member: contracts and assets</b>
<b>Decision date:</b>	<b>18 April 2016</b>
<b>Title of report:</b>	<b>Completion of sale of Brockington</b>
<b>Report by:</b>	<b>Head of corporate asset management</b>

## **Classification**

### **Exempt**

Appendix 2 of this report is exempt by virtue of paragraph 3 information relating to the financial or business affairs of any particular person (including the authority holding that information) of the Access to Information Procedure Rules set out in the constitution pursuant to Schedule 12A Local Government Act 1972, as amended.

## **Key Decision**

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.

Notice has been served in accordance with Part 3, Section 10 (General Exception) of the Local Authorities (Executive Arrangements) (Meetings and Access to Information) Regulations 2012.

## **Wards Affected**

Eign Hill.

## **Purpose**

To approve the sale of Brockington to Prime (UK) Developments Ltd and IE Developments Ltd.

## **Recommendation**

**THAT:**

- a) sale of Brockington in two parts as detailed in appendix 1 to Prime (UK) Developments Ltd and IE Developments Ltd or one of their group or associated companies at £1.48m be approved subject to the purchasers satisfying the sale condition as detailed in appendix 2 ;**

- b) authority be delegated to the director of resources to finalise the sale terms and complete the sale in compliance with recommendation a) above; and
- c) in the event that the sale to Prime (UK) and IE Developments does not complete the director of resources be authorised to remarket the property and complete a sale in accordance these terms or progress development of the site via the councils approved development partner.

## **Alternative options**

- 1 That the property is withdrawn from the market and included in the package of assets to be developed by the councils strategic development partner once appointed. This is not recommended as a capital receipt for the sale is included in the current medium term financial strategy (MTFS) and there will be holding costs and delays in achieving the capital receipt.

## **Reasons for recommendations**

- 2 A capital receipt for the sale is included in the current MTFS and failure to secure a receipt would lead to significant budget pressure.
- 3 The offer received is as a result of an open and competitive marketing campaign and is the highest offer received from a party with funds and in a position to proceed to purchase without obtaining planning permission for change of use/redevelopment.

## **Key considerations**

- 4 A decision was taken on 19 December 2013 to appoint property agents to advise and market Brockington, following it being declared as being surplus to operational requirement.
- 5 Following initial marketing an initial offer on the property fell through. The property was subsequently remarketed and several offers were received. Following a period of clarification and negotiation the offer from Prime (UK) and IE Developments is being recommended as it results in the best financial consideration with the least risk/delay in proceeding to completion.
- 6 The previous decision for the completion of sale of Brockington dated 24 March 2016 was withdrawn following identification of the fact it contained information which should have been exempt from publication.
- 7 It is proposed that completion of the sale is subject to the purchasers meeting the conditions as set out in exempt appendix 2. It is proposed the purchasers be given until 31 December 2016 to achieve this otherwise the contract can be terminated. In that event it is recommended that authority be delegated to the director of resources to either remarket the property and effect a sale or include it amongst the assets for development by a strategic development partner once appointed.

## **Community impact**

- 8 The council is pursuing best use of resources in obtaining optimal rate of return for the tax payer through the disposal of a surplus property. The proceeds can be directed to council priorities as identified within its corporate plan.

## Equality duty

- 9 There are no equality duty issues contained in this report or recommendation.

## Financial implications

- 10 The MTFS assumes a gross capital receipt of £1.5m and therefore there will be a minor impact upon the capital funding budgets. The capital disposal recommended in this report is considered to be the best achievable value and will save the council revenue holding costs which are currently circa £60k per annum.
- 11 The council has agreed to reimburse the purchasers for the cost of satisfying the sale conditions subject to a maximum sum of £20k. There will also be a fee payable for the marketing agent. These costs will be deducted from the capital receipt up to the maximum permissible level of 4%.

## Legal implications

- 12 The council is empowered to dispose of its land in such manner as it wishes pursuant to the Local Government Act 1972 provided that in accordance with s123(3) it does so at the best value that can reasonably be obtained on the market (unless an undervalue is justified in accordance with General Disposal Consent (England) 2003).
- 13 The council will only be able to demonstrate that it achieved the best consideration possible by:
- marketing the property/obtaining an appropriate independent valuation; or
  - both of the above
- 14 The council's legal department will deal with the transaction and the sale will proceed by way of two separate contracts for different parts as shown on the plan at appendix 1. The purchasers have appointed the same solicitor to act jointly for them and the sales will proceed simultaneously to ensure that disposal of the whole site is achieved and this will be managed by legal without the need to complicate the contract by including additional conditions.

## Risk management

- 15 The purchasers are well advanced in meeting the conditions of the sale.
- 16 With the exception of one, all other offers were conditional on the purchasers securing planning permission for alternative uses and that was likely to result in a considerable delay and risk to a sale proceeding to completion.

## Consultees

- 17 The local member is supportive of the sale.

## **Appendices**

Appendix 1 – plan showing land to be sold.

Appendix 2 – Condition for completion of sale; exempt from publication by virtue of paragraph 3 of the Access to Information Procedure Rules set out in the constitution pursuant to Schedule 12A Local Government Act 1972, as amended.

## **Background papers**

- None identified.