



CABINET REPORT

Report Title	Disposal Programme 2013/14 – sale of buildings and land
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AGENDA STATUS: PUBLIC

Cabinet Meeting Date:	13 November 2013
Key Decision:	Yes
Within Policy:	Yes
Policy Document:	No
Directorate:	Regeneration, Enterprise & Planning
Accountable Cabinet Member:	Regeneration Enterprise and Planning - Cllr Tim Hadland
Ward(s)	Rectory Farm

1. Purpose

- 1.1 The purpose of this report is to seek the authority of Cabinet to the principle of the disposal of the freehold property referred to in the report.

2. Recommendations

- 2.1 That Cabinet approves the principle of the disposal by this Council of the freehold interest in land and buildings situated off Blackthorn Road, shown edged red upon the plan at Appendix 1.
- 2.2 That Cabinet delegates to the Director of Regeneration Enterprise and Planning the power to approve the terms of the disposal, in consultation with the Cabinet Member for Regeneration Enterprise and Planning.
- 2.3 That Cabinet requests that officers work with existing occupiers of the property to help identify suitable re-location opportunities, if they are displaced as a result of this disposal.

3. Issues and Choices

3.1 Report Background

- 3.1.1 This Council owns the property known as Blackthorn Workshops and adjacent land, shown edged red on the plan at Appendix 1. The property was originally transferred from the former Northampton Development Corporation. The depot comprises a number of small workshop units. Whilst the majority of the workshops units have been let for most of that time, it is a relatively management intensive property with a regular turnover of tenants.
- 3.1.2 The property edged red on the plan is situated adjacent to the site of the former Blackthorn Middle School shown edged blue on the plan at Appendix 2. That land is owned by Northamptonshire County Council ('NCC'). NCC and this Council have been approached by a party who is interested in acquiring both NCC's larger land area and the property owned by this Council. The value of the form of development proposed is significantly above that of its current use as workshops and adjacent amenity land /private road. Additionally, the proposal could lead to the creation of over 200 new permanent jobs.
- 3.1.3 This Council has adopted an approach to managing down its total property holdings, consistent with the adopted Corporate Asset Management Strategy 2012-2015. This has focussed on eliminating holding costs and liabilities and ensuring that properties that are held to generate income do produce a satisfactory investment return. Blackthorn Workshops generates a net income of £22,424 in 2013/14. This figure ignores the costs of repairs and maintenance incurred in complying with landlord obligations and the costs of officer time in managing a multi let property. The future of the property was recently considered at Corporate Asset Board, where the principle of sale was generally supported.
- 3.1.4 The property currently has 12 separate occupations of 14 units. Nine of the units have only been let to their current occupiers since January 2010. Notice to quit has recently been served by another longer standing occupier of two units. Thus, the majority of the tenants have been in occupation for a limited period of years. Some of the tenants 'hold over' under protected business tenancies. In some cases there are 'break' provisions in the lease in favour of both the landlord and the tenant. The range of uses includes food preparation, vehicle repairs, taxi office, dog grooming and storage. If the property was to be disposed of for development, the purchaser would be responsible for complying with the provisions of the various leases and for compliance with statutory obligations (including compensation where applicable), if they wished to gain vacant possession.
- 3.1.5 The process of bringing forward the suggested development is likely to take a period of time, after conditional contracts were agreed. There would therefore be an opportunity for the Council to work with existing occupiers during that phase, to help identify suitable re-location possibilities.

3.2 Issues

- 3.2.1 Since the land and buildings were transferred to this Council on the winding up of the former Northampton Development Corporation, there are tapering claw back provisions on any sale proceeds in favour of the Homes & Communities

Agency. In the current year, this HCA share is 44% of value generated. Even having regard to these provisions, the likely net value of the land for the proposed development is still significantly in excess of its gross value for use as workshops and ancillary bare land.

- 3.2.2 The disposal of this land for alternative development would displace a number of existing business tenants. In some cases, subject to specific business requirements and available units, there may be opportunities to accommodate those tenants at other Council owned workshops. However, it is likely that some will need to find alternative premises in the private sector.
- 3.2.3 The property has not been marketed and the approach received was unsolicited. In order to confirm that the Council would achieve the best value possible for the property from any disposal, it may be necessary to obtain an independent valuation.

3.3 Choices (Options)

- 3.3.1 The Council could choose not to dispose of the land edged red. This would enable the existing businesses to continue to operate from the property and for the Council to maintain a revenue income. However, an opportunity (likely to be "one off" in nature) would be lost to generate a capital receipt substantially in excess of the market value of the property in existing use. If this Council retained ownership of the property that could have a marginal adverse impact on the proposed disposal of the adjacent NCC land.
- 3.3.2 The Council could choose to dispose of the property, on a basis that generates a significant net capital receipt for the Council. Consequential redevelopment of the property would displace some existing businesses. These may not be able to be accommodated in other Council workshop premises.

4. Implications (including financial implications)

4.1 Policy

- 4.1.1 There are none specifically.

4.2 Resources and Risk

- 4.2.1 Capital & Revenue: There would be a substantial capital receipt generated from any disposal, although 44% of this gross sum, if completed in 2013 (and reducing by 2% per annum), would be payable to the Homes & Communities Agency. A budgeted net income of approx. £22,500 would be lost per annum from 2014/15 onwards. There would be a saving on officer time from not having to manage the property. There would be some external costs incurred if an independent valuation of the property is obtained, to satisfy 'best value' considerations.
- 4.2.2 Risk: The Council may enter into a conditional contract to sell the property, subject to the purchaser obtaining satisfactory planning permission. There is the possibility that the purchaser may not eventually get a planning approval, but that in the meantime the property is vacated by tenants taking up alternative opportunities to re-locate - with resulting income loss and void costs for this Council.

4.2 Legal

4.3.1 Local authorities are generally under a duty to comply with Section 123(2) of the Local Government Act 1972 which requires that "Except with the consent of the Secretary of State a Council shall not dispose of land under this section, otherwise than by way of a short tenancy, for a consideration less than the best that can reasonably be obtained." Section 123 issues are addressed in the body of this report. An independent valuation of the Council's interest may be necessary to demonstrate that best value has been obtained, in the absence of any general exposure of the property to the market.

4.4 Equality

4.4.1 There are none specifically. The property is let to commercial tenants and there is no general access for the public.

4.5 Consultees (Internal and External)

4.5.1 Ward Councillor

4.6 How the Proposals deliver Priority Outcomes

4.6.1 The generation of a substantial capital receipt would help to meet the Council's need to invest in key priority capital projects whilst minimising new borrowing to fund that expenditure.

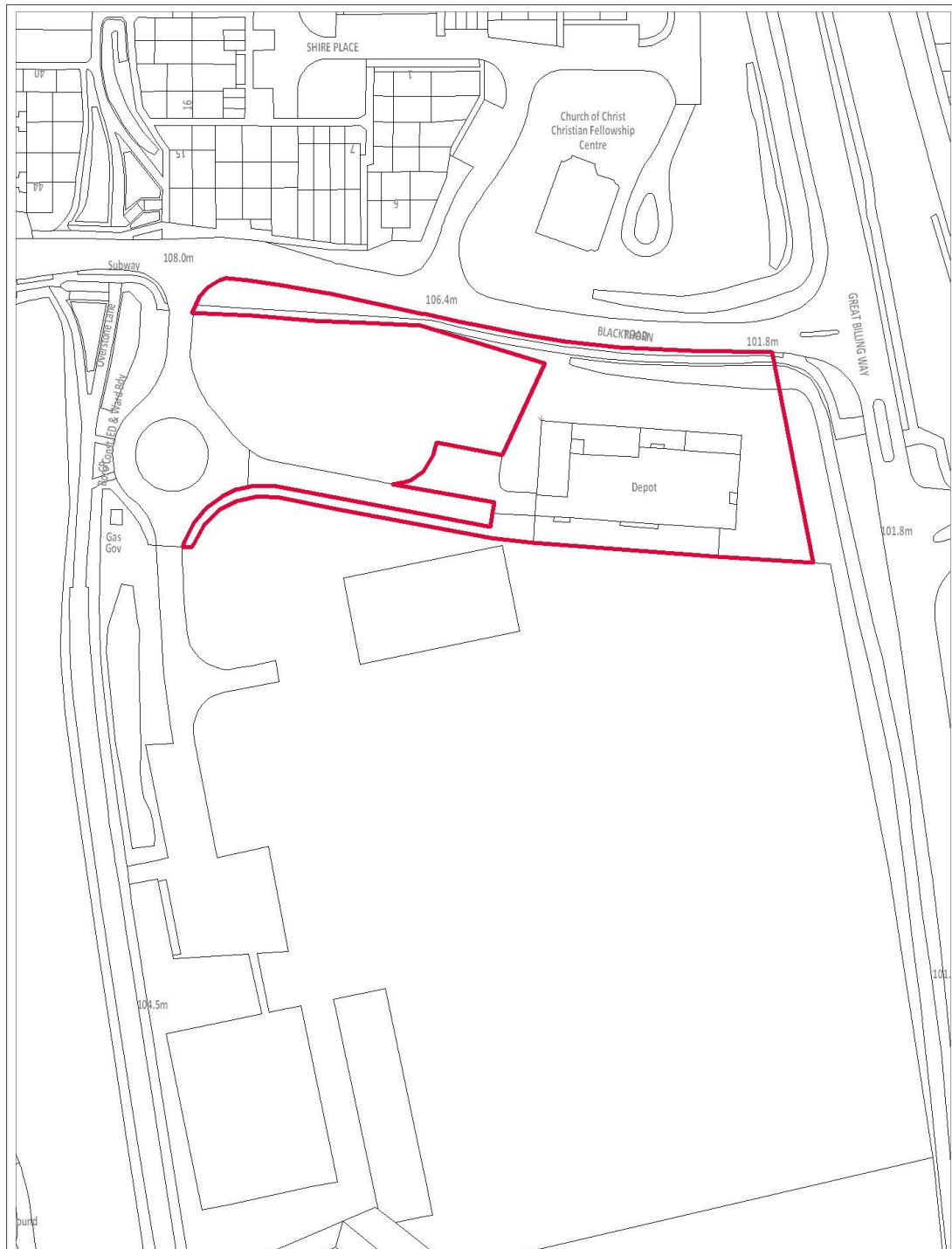
4.7 Other Implications


4.7.1 There are none specifically.

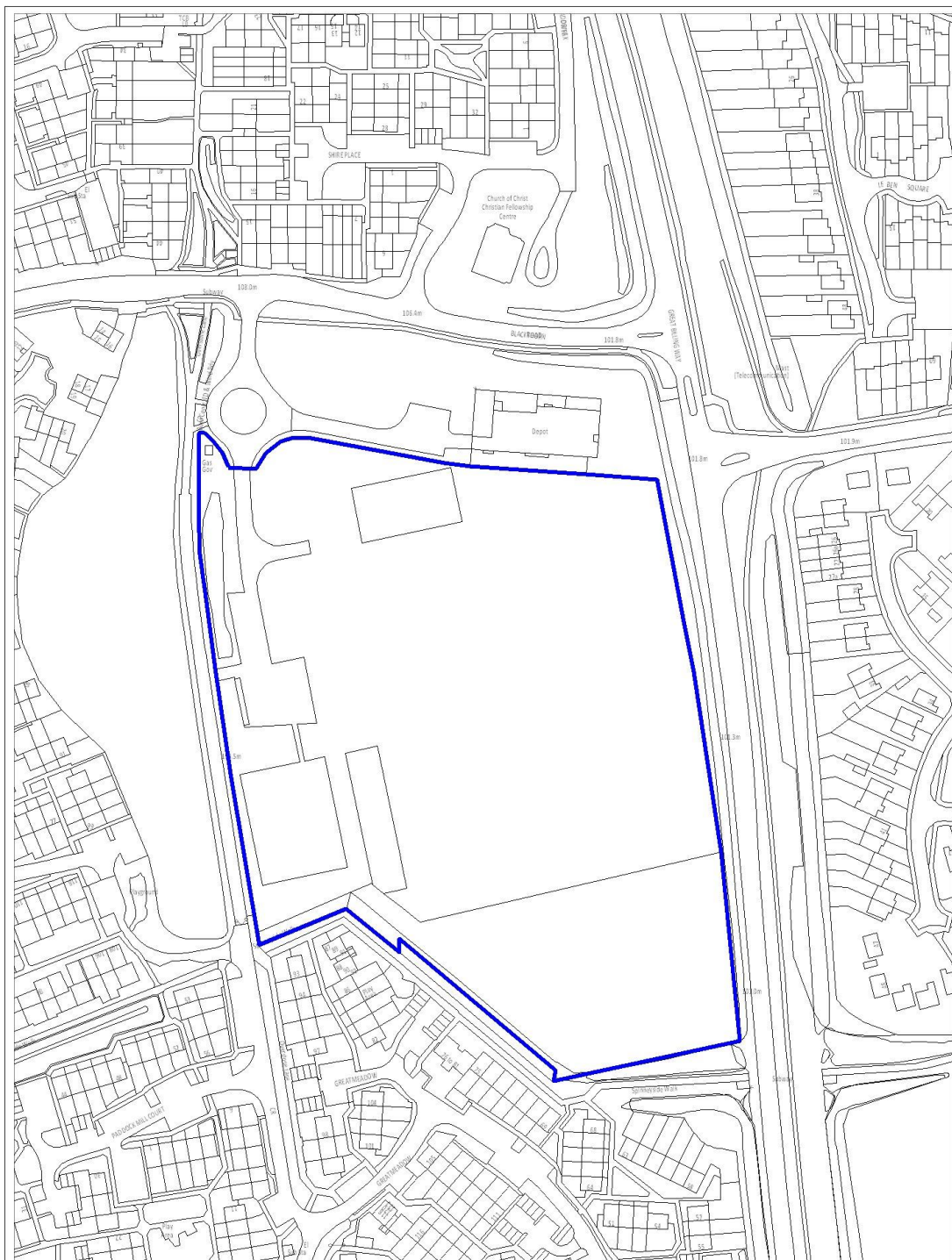
5. Background Papers


None

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 <p>NORTHAMPTON BOROUGH COUNCIL</p>	<p>Name: Marie Linde Date: 15th October 2013 Scale: 1:1250 Dept: Asset Management Project: Appendix 1</p>	<p>Title</p> <p>Blackthorn Workshops - Appendix 1</p> <p>Produced from the 2011 Ordnance Survey mapping with the permission of the Controller of Her Majesty's Stationery Office. © Crown Copyright. Unauthorised reproduction infringes Crown Copyright and may lead to prosecution or civil proceedings. Licence number: 100019855</p>
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 <p>NORTHAMPTON BOROUGH COUNCIL</p>	<p>Name: Marie Linde Date: 15th October 2013 Scale: 1:2000 Dept: Asset Management Project: Appendix 2</p>	<p>Title Blackthorn Road - Appendix 2</p> <p><small>Produced from the 2011 Ordnance Survey mapping with the permission of the Controller of Her Majesty's Stationary Office. © Crown Copyright. Unauthorised reproduction infringes Crown Copyright and may lead to prosecution or civil proceedings. Licence number: 100019855</small></p>
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