

DELIVERY OF THE COUNCIL'S CAPITAL RECEIPTS PROGRAMME THROUGH THE SALE OF SURPLUS BUILDING AT THE PYRAMID CENTRE, NORTH BRETTON, PETERBOROUGH

COUNCILLOR HOLDICH, LEADER OF THE COUNCIL AND CABINET MEMBER FOR EDUCATION, SKILLS, UNIVERSITY AND COMMUNICATION

February 2017

Deadline date: n/a

Cabinet portfolio holder: Responsible Director:	Councillor Holdich, Leader of the Council and Cabinet Member for Education, Skills, University and Communication Simon Machen – Corporate Director Growth and Regeneration
Is this a Key Decision?	No
Is this decision eligible for call-in?	No
Does this Public report have any annex that contains exempt information?	No

RECOMMENDATIONS

The Cabinet Member is recommended to:

1. Approve the disposal of The Pyramid Centre, North Bretton, Peterborough in order to support the Council's Medium Term Financial Plan (MTFP) either by way of auction or private treaty sale. The asset is included in the Council's approved MTFP for sale during Financial Year 2017/18 but has been brought forward for sale this financial year;
2. Authorise the Corporate Director – Growth and Regeneration, to determine whether the asset is sold by private treaty or public auction and delegate to the Corporate Director – Growth and Regeneration the authority to agree the terms for sale either at auction or on private treaty terms in consultation with the Cabinet Member for Resources.

1. SUMMARY OF MAIN ISSUES

- 1.1 The Council is seeking to deliver Capital Receipts from the sale of Council assets in order to support the Council's Medium Term Financial Plan (MTFP).
- 1.2 This report seeks approval to dispose of an asset that is included in the Capital Receipts Programme approved by Council when it set its budget in March 2016 and is scheduled to be sold during the Financial Year ending 31 March 2018. However, the Council has decided that the sale is to be brought forward and if possible sold this financial year.
- 1.3 A disposal will generate a much needed capital receipt for reinvestment in public services through the Council's Capital Programme or to support revenue budgets. Since April 2016 the Council has the flexibility to utilise receipts to support either capital or revenue spend.

Provided the money is received prior to 31 March in any financial year it can be counted against capital or revenue spend for that Financial Year, in this case the Financial Year 2016/17. It is anticipated that the asset will be sold at auction but this will be determined by the Corporate Director – Growth and Regeneration as assets are sometimes sold before or after it appears in auction on terms that at satisfactory to the Council.

- 1.4 The asset is currently held for investment purposes and is not considered as a long term hold and one the Council will be committing capital or revenue spend to in future years. The property is not considered to be of strategic or operational significance that would warrant retention or held to promote growth. The asset comprises six commercial retail units and a public house, five of the retail units are let on commercial agreements with one vacant, the public house is let on a long lease.
- 1.5 The anticipated capital receipt is expected to be more than £250,000 but less than £500,000. Therefore, this is not a Key Decision.

2. PURPOSE OF THIS REPORT

- 2.1 This report is for Councillor Holdich to consider exercising delegated authority under paragraph 3.4.4 of Part 3 of the constitution in accordance with the terms of the Cabinet Member for Resources portfolio at paragraph (i), in his capacity as Leader of the Council, as per the Executive Procedure Rules, 1.5.2.

3. TIMESCALE

Is this a Major Policy Item/Statutory Plan?	NO	If Yes, date for relevant Cabinet Meeting	N/A
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4. DETAILS OF DECISION REQUIRED

4.1 BACKGROUND

- 4.1.1 The Cabinet Member is requested to approve the sale of land and buildings (for which the freehold is owned by the Council.)
- 4.1.2 The individual units comprise six commercial retail units and a public house, five of the retail units are let on commercial agreements with one vacant, the public house is let on a long lease. Lease end dates vary.
- 4.1.3 The asset being sold consists of 6 retail units, 1 public house, 1 communal car park.

5. CONSULTATION

- 5.1 The asset has been approved for disposal as part of the budget setting in 2015/16 leading to approval by Council of the Council's Budget in March 2016. Ward Councillors have been notified of the intention to progress the disposal as well as the Head of Strategic Finance, Head of Peterborough Property and Leader of the Council. The tenants including the Parish Council, in its Council capacity as well as tenant, have been advised of the Council's intention to sell and timetable for sale.

6. ANTICIPATED OUTCOMES

- 6.1 The Leader of the Council and Cabinet Member for Education, Skills, University and Communication authorises the sale of this asset and delegates to Corporate Director – Growth and Regeneration the decision to either sell by auction or private treaty. In addition, the Cabinet Member delegates to the Corporate Director - Growth and Regeneration, in consultation with the Cabinet Member the authority to negotiate and conclude terms as appropriate to complete the disposal of this Council owned asset.

7. REASONS FOR RECOMMENDATIONS & ANY RELEVANT BACKGROUND INFORMATION

- 7.1 The recommendation is being made to ensure that the Council meets its Capital Receipts Programme requirements and provide it with the opportunity if it so chooses to utilise the receipt to support the Councils revenue spend.

8. ALTERNATIVE OPTIONS CONSIDERED

8.1 Option 1 - Do nothing.

The Council has determined this is not an investment asset it chooses to retain and commit future revenue and capital spend on, as would be the case on assets it chooses to hold as investment assets. The asset is not identified as one required to support future growth or where the Council will have a future operational need. On expiry of the existing leases, there is no guarantee too that the Council will be able to re-let. The centre also requires capital investment although the Council has made an allowance in its capital budgets for this. A do nothing option is therefore not recommended.

8.2 Option 2 - Retain the property and generate investment income.

Future investment in the site and buildings would be required to maintain an income and the Council always faces the dilemma of spending money on investment assets with an inherent risk of being void and where there are competing pressures from other services on scarce funds. This dilemma places the centre at risk too of investment being utilised for other purposes notwithstanding that an allowance has been made for future years in current budgets. The centre does need expenditure and the private sector has shown on similar assets sold such as Chadburn Centre, Paston that the private sector is perhaps better placed to invest.

8.3 Option 3 - Re-use or redevelop the property for Council Use.

No alternative operational requirements have been identified for the property or site. The site consists of retail units and a pub let on a long term lease. The adjacent community centre is excluded from the sale. Further the Council has undergone a substantial rationalisation programme which will lead to most Council staff being located at new offices on Fletton Quays from July 2018 onwards. Given this had it been suitable for Council staff and there was a demand this would not align with the Council's agreed programme of relocating most staff to Fletton Quays in a modern purpose built building, consequently this is not a viable option.

As a consequence of the 3 options above being discounted, Council Officers have recommended and this has already been approved by Full Council that this asset is made available for sale.

9. IMPLICATIONS

Financial Implications

- 9.1 The Council has made an allowance in its 2016/17 budget for this asset to be sold. As assets held for investment purposes were dealt with differently when budget setting – as they are presently income producing for this year the capital receipt was for budgeting purposes deemed to be cancelled out by the loss of revenue. However, this does not preclude assets held for investment purposes being sold it just means they were accounted for differently.
- 9.2 The Council will after sale no longer receive a rental for this asset but this has been taken account of in future year revenue assumptions. With lease expiries, void unit and the asset undoubtedly requiring capital investment to re-let there is no certainty that the current revenue level will be maintained. The Council would prefer not to take this risk and rather secure a capital receipt now, as agreed when setting the Council's budget.

Legal Implications

- 9.3 There are no legal implications as the asset is being sold for best consideration either through a private treaty sale or via auction. Statutory authority for the sale is to be granted in accordance with the executive decision in this CMDN is given by Section 123 of the Local Government Act 1972. Section 123 permits the Council to dispose of property in any manner they wish subject to the provision that the property is not to be sold for a consideration less than the best that can reasonably be obtained.

Constitutional Implications

- 9.4 The Council's ability to deal with land under executive powers arises from sections 120 to 123 of the Local Government Act 1972. There is already an expectation in the Council's budget for the asset to be sold and the proceeds of sale to be used to fund the Council's priorities.

10. DECLARATIONS / CONFLICTS OF INTEREST & DISPENSATIONS GRANTED

- 10.1 None.

11. BACKGROUND DOCUMENTS

Used to prepare this report, in accordance with the Local Government (Access to Information) Act 1985) and The Local Authorities (Executive Arrangements) (Meetings and Access to Information) (England) Regulations 2012

- 11.1 A conveyance plan is attached showing the asset coloured red.