



REPORT TITLE: Delivery of the Council’s Capital Receipts Programme through the sale of land known as Craig Street Car Park, Craig Street, Peterborough
NAME OF CABINET MEMBER - Cllr David Seaton, Cabinet Member for Strategic Resources
November 2013

Cabinet portfolio holder:	Cllr David Seaton, Cabinet Member for Strategic Resources
Responsible Director:	John Harrison, Executive Director of Resources – tel 01733 452520
Is this a Key Decision?	YES Unique Key decision Reference from Forward Plan : KEY/25MAR13/ 01
Is this decision eligible for call-in?	YES
Does this Public report have any annex that contains exempt information?	YES Appendix 1 contains an exempt schedule as it contains information on the price to be paid by the Developer for the site which is commercially confidential at this stage. The Exempt Annex is NOT FOR PUBLICATION by reason of paragraph 3 of Schedule 12A of Part 1 of the Local Government Act 1972. This is because the information is considered to be commercially confidential as the sale contract has not been completed. The public interest test has been applied to the exempt information and it is considered that the need to retain the information as exempt at this stage outweighs the public interest in disclosing it.

R E C O M M E N D A T I O N S
<p>The Cabinet Member is recommended to:</p> <p>Authorise the Executive Director of Resources to release an operational asset and conclude a sale to MedicXGPG Holdings Ltd of land at Craig Street currently used as a car park. The Council will receive a much-needed capital receipt to support the delivery of the Council’s Medium Term Financial Plan (MFTP). This asset is listed for sale in the Council’s budget for the current financial year - 2013/14.</p> <p>The new facilities at Craig St will result in the consolidation of two existing General Practitioner (GP) surgeries (North Street and 63 Lincoln Road). Both surgeries have outgrown their current premises. Moving into brand new purpose built accommodation will enable a wider range of health related services to be provided from a single location.</p>

1. SUMMARY OF MAIN ISSUES

1.1 The Council is seeking to deliver Capital Receipts from the sale of Council assets which are surplus to requirements in order to support the Council's Medium Term Financial Plan (MTFP).

The Council has an agreed a 10 year disposals programme with a number of operational car parks earmarked for sale. Craig Street Car Park is programmed for sale this Financial Year – 2013/14.

1.2 The Council's Capital Programme is supported by the sale of surplus assets. Without these sales the Council would either have to curtail its spending on capital projects or secure additional borrowing. Borrowing has a revenue cost to the Council which can be avoided if assets are sold and capital receipts used to support capital investment projects.

The proposed sale provides an opportunity to achieve a capital receipt in 2013/14 although the sale contract will be conditional upon planning consent being granted. It is normal for sale contracts being conditional upon planning consent where a change of use of the site is required.

1.3 The proposed sale of this asset has come about following a direct approach from the chosen Developer for the two GP surgeries.

Two sites in Council ownership, the Craig Street Car Park and Dickens Street car parks were identified as possible options for locating a new surgery. The Craig Street one due to the proximity of this site to not only the existing facilities but also to public transport, particularly the bus station was identified by both the Developer and the GP's they were representing, as the clear frontrunner option. The site is considered by the Council as landowner as a suitable location for this use and are satisfied that there is an identified need in this area for larger facilities to meet the needs of population growth and provide the opportunity to deliver a wider range of healthcare facilities to local residents.

1.4 Although the Council would typically offer the site on the open market for possibly a range of uses, here there was a direct approach, for a specific use need, on behalf of the two GP practices before the site had been openly marketed. The Council is able to deal with direct approaches but has to demonstrate that it has secured a sale price for the site consistent with its statutory obligations to secure best value for money.

The Council has satisfied itself that this is the case with the proposed transaction being independently assessed by the Council's Valuers. The details of these will remain commercially confidential until the Heads of Terms have been finalised and the transaction has been completed although details of the price to be paid for the site is set out in the Exempt Annex as background for the Decision Taker.

The Exempt Annex is NOT FOR PUBLICATION by reason of paragraph of Schedule 12A of Part 1 of the Local Government Act 1972. This is because the information is considered to be commercially confidential as the sale contract has been completed. The public interest test has been applied to the exempt information and it is considered that the need to retain the information as exempt at this stage outweighs the public interest in disclosing it.

1.5 The sale will be subject to a time limited restriction, (up to 5 years), such that the site can only be used for healthcare facilities. The Council is also discussing the right to use the car park on a Sunday if it chooses to do so for public parking.

1.6 The Council currently secures an average income of approximately £27,000 per annum from this site (YR 10/11 - £24,609, YR 11/12 - £31,499, YR 12/13 - £25,515) however it is satisfied that some of this income will be displaced to other Council car parks. The price being paid for the site is at a level which will result in annual revenue savings to the authority on not having to borrow a pro rata capital amount to support borrowing. Further details of this are set out in the Exempt Annex.

1.7 The Council by declaring the asset surplus has demonstrated that it is not required for medium to longer term use as a car park and due to the vacancy rates in other Council and non Council run car parks there is ample provision across the city centre to not be detrimentally affected by this proposal. The Council will work with the GP's and property owner as to whether it is feasible to have use of the car parking on a Sunday given the number of car parks which operate in the city centre on that day.

2. PURPOSE OF THIS REPORT

2.1 This report is for Cllr Seaton to consider exercising delegated authority under paragraph 3.3.8 and 3.3.3 of Part 3 of the constitution in accordance with the terms of their portfolio at paragraph 3.4)g) (f)

It sets out the basis upon which the Council will sell its asset at Craig Street, to whom and the alternative use proposed for the car park.

3. TIMESCALE

Is this a Major Policy Item/Statutory Plan?	NO	If Yes, date for relevant Cabinet Meeting	
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3.1 Appendix 1 contains an exempt annex because it contains information on the price to be paid for the site which is commercially sensitive. In the event that the sale didn't proceed then the Council would still seek to dispose of the asset and knowledge of the price recommended could prejudice any future negotiations with an alternative purchaser.

The exempt annex is NOT FOR PUBLICATION by reason of paragraph 3 of Schedule 12A of Part 1 of the Local Government Act 1972. This is because the information is considered to be commercially confidential. The public interest test has been applied to the exempt information and it is considered that the need to retain the information as exempt at this stage outweighs the public interest in disclosing it.

4. DETAILS OF DECISION REQUIRED

4.1 The Cabinet Member for Resources authorises the Executive Director of Resources to release an operational asset and conclude a sale to MedicXGPG Holdings Ltd of Craig Street Car Park.

5. CONSULTATION

5.1 The site is allocated as one for sale in the Council's MTFP approved by Council in February 2013. Consultation have taken place, Cllr David Seaton Cabinet Member for Resources, Cllr Wayne Fitzgerald Cabinet Member for Adult Social Care, and Cllr Mohammed Jamil Cllr Nazim Khan, Cllr Mohammed Nadeem in their capacity as Ward Councillors.

In addition, the GP's and Developer have undertaken their own consultation with both patients and local residents the and the last consultation being in the form of an open meeting held on May 18th 2013 at which no objections were made . No objections have been received from any of those consulted.

6. ANTICIPATED OUTCOMES

6.1 A disposal will generate a capital receipt for reinvestment in public services through the Council's Capital Programme. The proposed receipt means the Council doesn't have to incur additional borrowing to support the MTFP.

6.2 NHS Peterborough has been looking, as part of its "The Right Care at the Right Time" project, at ways in which primary care provision can be delivered in a more effective manner. In essence the overarching strategy is to move over time, to fewer but larger GP practices. Each practice will have a strong, multi-skilled clinical team that can provide the quality, capacity, range of services and efficiency needed. The proposed merger and relocation to a brand new facility is totally consistent with this objective

6.3 The Developer, on behalf of two GPs, has undertaken detailed discussions with the Local Planning Authority by way of pre-application.

6.4 The proposed sale provides an opportunity to achieve a capital receipt in 2013/14 for reinvesting in public services and secures for the community a new improved GP provision within Central Ward. The sale will be conditional on planning consent being granted.

7. ALTERNATIVE OPTIONS CONSIDERED

7.1 The following options were considered and rejected:

7.1.1 Option 1: Do nothing. The Council's car park on Craig St was identified as a possible development site initially for a range of uses including residential. It is not required to be held for car parking and does not require to be reprovided. Consequently, it has been earmarked for sale and included in the Council's Budget.

Doing nothing would mean the Council would have to either reduce its spending on capital projects or secure additional borrowing to support the Council's Budget. Given the proposed level of capital receipt it is more cost effective for the Council to sell the site and use the receipt than to continue to receive car park income at the levels it currently does from this site. Further details of this are set out in the Exempt Annex.

7.1.2 Option 2: Retain the property and generate additional revenue. The capacity of the Car Park is fixed at 120 spaces and the only way of increasing current revenue streams would be through a more competitive pricing regime. This option is not viable due to site constraints for intensifying use and the common pricing approach for short stay Council car parks.

7.1.3 Option 3: Re-use or redevelop the site as an alternative operational one for another Council service. No alternative operational requirements have been identified for the site. This option is not viable.

7.1.4 Option 4: Redevelop the site for an alternative use than the healthcare one proposed. The site has been identified as the ideal site for the use proposed due to its location and proximity to established GP facilities serving this area of the city. A sale of the site for healthcare is a use which will provide a higher price than residential which would appear to be the frontrunner alternative option if this proposal had not come forward. A sale for healthcare purpose therefore not only gives the Council a use on the site for which values are higher than residential land values but also can support the delivery of a wider range of healthcare services under one roof in state of the art premises.

8. IMPLICATIONS

8.1 Constitutional issues

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 Councils budget for the asset to be sold and the proceeds of sale to be used to fund the Councils capital programme.

8.2 Legal Implications

The Council will be selling a site subject to planning permission being granted. 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. The Council has not actively marketed this site as the approach was direct from the GP's developer. The Council has satisfied itself through the independent valuer's assessment that best consideration is being secured.

8.3 Financial Implications

The Council has made allowance in its budget for the sale of this asset.

8.4 Procurement Implications

There are no procurement issues to be considered.

9. DECLARATIONS / CONFLICTS OF INTEREST & DISPENSATIONS GRANTED

There are no declarations made or relevant interests to declare.

10. BACKGROUND DOCUMENTS
The Councils Medium term Financial Plan