

**DELIVERY OF THE COUNCIL'S CAPITAL RECEIPTS PROGRAMME THROUGH THE SALE OF SURPLUS BUILDING AT 86 LINCOLN ROAD PETERBOROUGH (KNOWN AS "THE LINDENS")**

**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?	Yes

**RECOMMENDATIONS**

The Cabinet Member is recommended to:

1. Approve the disposal of 86 Lincoln Road, Peterborough (also known as "The Lindens") 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 2016/17; and
2. Authorise the Corporate Director – Growth and Regeneration, to determine whether the asset is to be 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 2017.

- 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 asset is not considered to be of strategic or operational significance that would warrant retention or held to promote growth. The asset is let to Age UK Peterborough but is being assigned to Age UK Cambridgeshire and Peterborough following the merger of the Peterborough and Cambridgeshire organisations. For the purpose of this report the tenant is referred to as Age UK Cambridgeshire and Peterborough to avoid any confusion. It is anticipated that the assignment will have been completed during the first week of February so in advance of a sale being secured.
- 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?	<b>NO</b>	If Yes, date for relevant Cabinet Meeting	<b>N/A</b>
---	-----------	---	------------

## 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 property is let to Age UK Cambridgeshire and Peterborough by virtue of a lease expiring 12 April 2021 and consists of a period house converted to offices, maisonette, frontage car park and footpaths around. It does not include the large garden behind or any of the sheltered housing adjoining.
- 4.1.3 The asset was gifted to the Council on 19 November 1953 with a covenant for the building to be used for public benefit, however that does not preclude the Council selling the asset. Part of the site has already been sold to Cross Keys Homes as part of the 2004 Large Scale Voluntary Transfer – see 4.1.4 below.
- 4.1.4 The building adjoins a Cross Keys Homes sheltered housing scheme and was retained by the Council when the Council transferred its housing stock in October 2004 as part of a Large Scale Voluntary Transfer (LSVT) to Cross Keys Homes. The building used to be the headquarters for the Life Line service but that was relocated to CKH's headquarters on Shrewsbury Avenue shortly after the LSVT. Age UK have continued to occupy the building and are currently in occupation under a lease expiring 12<sup>th</sup> April 2021. The lease is in the process of being assigned from Age UK Peterborough to Age UK Cambridgeshire and Peterborough.

## **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 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, Service Director – Adult Services and Communities (given the tenant provides a range of services to older persons) and, Leader of the Council. The tenant Age UK Cambridgeshire and Peterborough has also been consulted on 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 lease in 2021 there is no guarantee too that the Council will be able to re-let. 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 continue to generate an income after the current lease expires. Presently the buildings are let on a full repairing and insuring basis which means the tenant is responsible for all maintenance and repair. However, on lease expiry there is no guarantee that a new tenant would take on this liability, in fact it is unlikely they would. Due to the age of the building and it being a conversion from residential to office to create a modern office environment would require investment which the Council has made no allowance for. Given it meets none of the 3 criteria of required for operational need, growth or investment income purposes to hold and invest is considered not a viable option.

### **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. 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 during the course of the financial year. Assets held for investment purposes were dealt with differently when budget setting (unlike assets described in the MTFP as “non-investment” assets). Income producing assets classified as assets held for investment purposes for this financial year are not counted as core capital receipts as the receipt has been traditionally cancelled out by the loss of revenue.
- 9.2 However, this does not preclude assets held for investment purposes being sold it just means they were accounted for differently. Sale of the Lindens will mean the Council no longer receives a revenue currently set at £31,460 although this is subject to a review in October 2016. The figure has yet to be agreed with the tenant but is likely to be in the order of £35,050. It will be for the purchaser to conclude the review and reimburse the Council for any sums due from review to the sale date.
- 9.3 The Council no longer receiving a rental income for this asset has been taken account of in future years’ revenue assumptions. With a forthcoming lease expiry and the asset undoubtedly requiring capital investment to re-let there is no certainty that the current revenue level will be maintained. Void periods also place the Council at risk of having to cover void rates. The Lindens has a Rateable Value of £37,750 so based on current business rates calculator void rates could be in the order of £18,672 if vacant for over 3 months.
- 9.4 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**

- 9.5 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**

- 9.6 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.