

DELIVERY OF THE COUNCIL'S CAPITAL RECEIPTS PROGRAMME THROUGH THE SALE OF LAND KNOWN AS AMERICA FARM, PETERBOROUGH PE1 5YR, LOTS 1, 2, 5 & 6 COMPRISING A FARM HOUSE, YARD & BUILDINGS AND TWO AREAS OF FARM LAND MEASURING APPROXIMATELY 13 ACRES

COUNCILLOR DAVID SEATON, CABINET MEMBER FOR RESOURCES

March 2017

Cabinet portfolio holder: Responsible Director:	Councillor David Seaton, Cabinet Member for Resources 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 Appendix 1 contains an exempt schedule as it contains information on the price to be paid by the Purchaser 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 The exempt annex is NOT FOR PUBLICATION by reason of paragraph 3 of Schedule 12A OF Part 1 of the Local Government Act 1972.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 until such a point that 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.
Is this a project and if so has it been registered on Verto?	NO

RECOMMENDATIONS

The Cabinet Member is recommended to:

1. Authorise the Corporate Director – Growth and Regeneration, to negotiate and conclude terms for the sale of this surplus Farms Estate asset in order to support the Council's Medium Term Financial Plan (MTFP). The proposal is that the asset is sold by private treaty and terms have been agreed with a Purchaser. The sale of surplus farm assets is included in the Council's approved MTFP for sale during Financial Year 2016/17; and
2. In the event that the current proposed sale does not go ahead to authorise the Corporate Director – Growth and Regeneration to determine whether the asset is to be sold by private treaty or public auction and authority to negotiate and conclude terms as appropriate to complete the disposal of this Council owned asset.

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 a surplus Farms Estate 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.
- 1.4 The asset is currently held for investment purposes, as part of the Farms Estate 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 vacant recently let to Mr John A Robert and was referenced in the Councils approved Farms Strategy as a potential sale.
- 1.5 The anticipated capital receipt is at a level below that which requires a Key Decision to be taken. Therefore this is a Non Key Decision.

2. PURPOSE OF THIS REPORT

- 2.1 This report is for Councillor David Seaton to consider exercising delegated authority under paragraph 3.4.4 of Part 3 of the constitution in accordance with the terms of his portfolio at paragraph (i).

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 (for which the freehold is owned by the Council).
- 4.1.2 The property is currently unlet and as such is vulnerable to anti- social behaviour. An early sale would limit the Council's liabilities associated with holding vacant property.
- 4.1.3 The asset comprises a 3 bed detached farm house, requiring significant improvements, a hard surfaced yard and a number of large agricultural sheds and two areas of agricultural land measuring approximately 13 acres.
- 4.1.4 The farm house requires significant expenditure on improvements to bring the property up to an acceptable level to meet modern living standards, the agricultural buildings/sheds are also in a poor condition and will require expenditure to make secure.

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. Councillors have been notified of the intention to progress the disposal as well as the Service Director – Financial Services, Head of Peterborough Property and Leader of the Council.

6. ANTICIPATED OUTCOMES

- 6.1 The Cabinet Member for Resources authorises the sale of this asset and delegates to Corporate Director – Growth and Regeneration the authority to negotiate and conclude terms for sale to the proposed current purchaser, details of which are set out in the Exempt Annex. Further, the Cabinet Member for Resources delegates to the Corporate Director – Growth and Regeneration the decision to either sell by auction or private treaty if the current proposed sale does not complete and authority to negotiate and conclude terms as appropriate to complete the disposal of this Council owned asset.
- 6.2 A disposal will generate a capital receipt of 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.

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 Council's 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. The asset is currently unlet and there is no guarantee 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. Due to the age of the building it 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.

As a consequence of the 3 options above being discounted, Council Officers have recommended and this has already been approved by Full Council that surplus Farms Estate assets are 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 America Farm will mean the Council no longer receives a revenue estimated at an annual figure of £14,400 (which includes Lot 4, an area of land measuring 68 acres, that is also to be sold in this financial year).
- 9.3 The Council no longer receiving a rental income for this asset has been taken account of in future years’ revenue assumptions. Void periods also place the Council at risk of having to cover void rates.
- 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 The asset is being sold for best consideration through a private treaty sale. 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

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.
- 11.2 Surplus farm assets are referred to in the Council’s approved Farms Strategy 2016.