

DECISION TITLE: Disposal Of Freehold Land And Buildings At Bretton Court, Rightwell East, Bretton, Peterborough

Councillor Seaton, Cabinet Member for Resources

December 2018

Deadline date: Not Applicable.

Cabinet portfolio holder: Responsible Director:	Councillor Seaton, Cabinet Member for Resources Simon Machen, Corporate Director for 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 which is exempt in accordance with paragraph 3 of Schedule 12A of Part 1 of the Local Government Act 1972. The public interest test has been applied to the information contained within the exempt annex and it is considered that the need to retain the information as exempt outweighs the public interest in disclosing it as to do so.
Is this a project and if so has it been registered on Verto?	NO

RECOMMENDATIONS

The Cabinet Member, in consultation with the Leader of the Council, is recommended to:

1. Approve the disposal of Bretton Court, Rightwell East, Bretton, Peterborough in order to support the Council's Medium Term Financial Plan (MTFP) by private treaty sale. The asset is included in the Council's approved MTFP for disposal during Financial Year 2018/19; and
2. Delegate authority to the Corporate Director of Growth and Regeneration to sell the property set out in Appendix 1.

1. PURPOSE OF THIS REPORT

- 1.1 This report is for the Cabinet Member for Resources to consider exercising delegated authority under paragraph 3.4.6 of Part 3 of the constitution in accordance with the terms of their portfolio at paragraph (j).
- 1.2 The attached appendix is NOT FOR PUBLICATION in accordance with paragraph 3 of Schedule 12A of Part 1 of the Local Government Act 1972 in that it contains information relating to commercially sensitive issues, namely the valuation report. The public interest

test has been applied to the information contained within the exempt annex and it is considered that the need to retain the information as exempt outweighs the public interest in disclosing it as to do so.

2. TIMESCALES

Is this a Major Policy Item/Statutory Plan?	NO	If yes, date for Cabinet meeting	N/A
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3. BACKGROUND AND KEY ISSUES

3.1 Bretton Court is currently held for investment purpose and is not considered as a long term hold and one where the Council will be committing capital or revenue spend in future years. The asset is not considered to be of strategic or operational significance that would warrant retention or held to promote growth. It is proposed that the asset will be sold to the Council's Joint Venture partner Medesham Homes whose focus is to provide homes for affordable rent for redevelopment of the upper floors to help ease the demand on housing services across the city.

3.2 The property comprises an early/mid 1970's part 4 storey and part 3 storey building with 5 retail units at ground floor and substantial office accommodation on the upper floors. The upper floors are vacant, in poor condition and will be redeveloped into residential accommodation. The roof on the third floor has a number of leases for mobile phone and telecommunication equipment on it. The development intends to retain the commercial retail units on the ground floor and the telecommunications equipment on the roof. The Council will lease the ground floor commercial premises under a 125 year lease and subject to agreement the freehold interest to be sold will include the benefit of the mast leases.

4. CONSULTATION

4.1 Due to the confidential nature of the transaction discreet internal consultations have been made and the results of these are set out in the NOT FOR PUBLICATION appendix to the report.

5. ANTICIPATED OUTCOMES OR IMPACT

5.1 A disposal will generate a capital receipt of reinvestment in public services through the Council's capital programme together with retention of revenue income through the leasing back of the ground floor commercial premises. Additionally, the subsequent redevelopment of the upper floors will help ease demand on housing services throughout the city.

6. REASON FOR THE RECOMMENDATION

6.1 To ensure that the Council meets its Capital Receipts programme requirements, and help ease demand on housing services throughout the city.

7. ALTERNATIVE OPTIONS CONSIDERED

7.1 Option 1 – Do nothing

The Council has determined the office accommodation 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 offices are not identified as required to support future growth or where the council will have a future operational need.

7.2 Option 2 – Retain the Property and generate investment income

Substantial investment in the building would be required to generate an income and reduce liabilities on the office floors. The office accommodation has been predominantly vacant since 2007 and this is an ageing building requiring capital investment which the council has made no allowance for. Given it meets none of the 3 criteria of required operational need, growth or investment income purposes in its current format to hold and invest is not a viable option.

7.3 Option 3 – Re – use or redevelop the property for Council use

No alternative operational requirements have been identified for the property or site. Furthermore, the council has undergone a substantial rationalisation programme whereby most Council staff are now located at Sand Martin House, Fletton Quays in a modern purpose built building and consequently this is not a viable option.

As a consequence of the 3 options above being discounted, Council Officers have recommended that this asset is made available for sale and disposal to the council's joint venture partner Medesham Homes to help in reducing housing services demand in Peterborough.

8. IMPLICATIONS

Financial Implications

8.1 The Council has made an allowance in its 2018/19 budget for this asset to be sold during the course of the financial year. Selling the building will result in a capital receipt without the need for upfront capital investment in refurbishment and the possible revenue costs of void periods required for letting.

8.2 The Council not receiving a rental income for the office accommodation has been taken account of in future years revenue assumptions. There is no prospect of reletting the offices without substantial investment (and the offices do not have dedicated parking). Bretton Court offices alone have a combined Rateable Value of £87,250 and potential void rates in the order of £43,014.

Legal Implications

8.2 There are no legal implications as this asset is being sold for best consideration.

Equalities Implications

8.3 There are no equalities implications.

9. DECLARATIONS / CONFLICTS OF INTEREST & DISPENSATIONS GRANTED

9.1 None.

10. 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.

10.1 Peterborough City Council – Medium Term Financial Strategy

11. APPENDICES

11.1 Appendix 1 is in the Exempt Annex.