

ACQUISITION OF LEASEHOLD AND REVERSE SURRENDER PREMIUM - 4 ROYCE ROAD, PETERBOROUGH
Councillor Andy Coles, Cabinet Member for Finance and Corporate Governance
January 2023
Deadline date: <i>31 January 2023</i>

Cabinet portfolio holder: Responsible Director:	Councillor Andy Coles, Cabinet Member for Finance and Corporate Governance Cecilie Booth, Executive Director of Corporate Services
Is this a Key Decision?	NO
Is this decision eligible for call-in?	YES
Does this Public report have any annex that contains exempt information?	YES - Exempt Appendix 3 and Exempt Appendix 4

RECOMMENDATIONS	
The Cabinet Member is recommended to:	
<ol style="list-style-type: none"> 1. Approve the leasehold acquisition and reverse surrender premium of the lease dated 15 January 1970 between The Mayor Aldermen and Citizens of The City of Peterborough (Peterborough City Council) and the original tenant Currie Plant (Holdings) Limited 2. Peterborough City Council paying a reverse surrender premium of £175,000 exclusive of VAT plus Stamp Duty Land Tax (SDLT) and legal fees. 3. Approve a £20,000 budget to assist the Council in preparing the unit for market. 	

1. PURPOSE OF THIS REPORT

- 1.1 This report is for Councillor Andy Coles, Cabinet Member for Finance and Corporate Governance to consider exercising delegated authority under paragraph 3.4.3 of Part 3 of the constitution in accordance with the terms of their portfolio at paragraph (q).
- 1.2 There are exempt appendices attached to this report that are NOT FOR PUBLICATION by reason of paragraph 3 of Schedule 12A of Part 1 of the Local Government Act 1972 because they contain information relating to the financial and business affairs the Council. The public

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

- 1.3 The purpose of the report is to approve the leasehold acquisition and reverse surrender premium of ground lease known as 4 Royce Road, Peterborough as illustrated on the attached plan in **Appendix 1** and further detailed in the sale particulars in **Appendix 2**.
- 1.4 This report is for the Cabinet Member to consider the Heads of Terms set out in **Exempt Appendix 3** and to make 'recommendations to Council to agree to pay a reverse surrender premium of £175,000 exclusive of VAT to acquire the interest.
- 1.5 **Exempt Appendix 4** sets out the detail of this transaction.

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 The Council own the freehold land which was leased out on a ground lease to Currie Plant (Holdings) Limited, now Quinto Crane & Plant Hire Ltd (as assigned) for a term of 99 years from 15 January 1970. The ground rent is £9,500 plus VAT and there are rent reviews every 14 years with the next review on 15 January 2026.

The ground lease was marketed by an Insolvency Practitioner through Arnold Keys in Q3 2022. The site is 0.48 acres (0.9 hectares) and has a 2,298 sq. ft (313.48 m²) industrial building situated on the land. The building will be retained and transferred to the Council as part of the transaction.

The reserve surrender premium and how it was determined is set out in **Exempt Appendix 4**.

4. **CORPORATE PRIORITIES**

- 4.1 The Council in paying a reverse surrender premium for the site will benefit from £14,500 per annum of additional annual income. Although demolition and ultimately redevelopment is an option, this is not the basis of the transaction. The Council will consider plans to enhance the land value and income streams in the future.

The Council could enhance the capital value and income generation through development. This would support employment and job growth. Any development should be considered alongside the Councils wider land ownership.

The transaction has a neutral impact to the Council and City's carbon emissions for the purpose of the report. If the Council were to develop in the future this would generate a positive impact on carbon emissions as the design and materials used would be of a modern and more efficient nature compared to the existing building. However, emissions would be created through construction.

5. **CONSULTATION**

- 5.1 Consultation has been carried out with the Corporate Leadership Team.

6. ANTICIPATED OUTCOMES OR IMPACT

- 6.1 Approval of the recommendations will enable the Council to enhance the capital value for the site and improve income stream.

7. REASON FOR THE RECOMMENDATION

- 7.1 The Council have an opportunity to support the delivery of the Corporate Priorities by paying the reserve surrender premium and controlling the site. As well as enhancing the capital value and income, there will be future economic development and regeneration opportunities to support the economy and job creation.

8. ALTERNATIVE OPTIONS CONSIDERED

- 8.1 Full details are included in **Exempt Appendix 4**. However, the enhanced value to the Council and additional income outweighed the Council not paying proceeding with this transaction.

9. IMPLICATIONS

Financial Implications

- 9.1 The Council will pay a premium of £175,000 exclusive of VAT for surrendering the lease which will give back full control of the land to the Council. There may also be a Stamp Duty Land Tax obligation whether cash or other consideration paid to the Tenant for the surrender of its lease.

Future use options for the land and the resulting financial benefits are considered within **Exempt Appendix 4**.

Legal Implications

- 9.2 Section 123 of the Local Government Act 1972 guidelines to be followed to include best consideration. The Act is not specific on which particular form the consideration should/must be held. However, it is prudent to note that "consideration" of any transaction i.e. a disposal must be of a commercial or monetary value. In this case if the value of the disposal is to be held in shares (commercial value) then it can be justified that it is held in equal (or higher) to the value of capital receipt and/or can generate more revenue than if held as capital receipt.

Equalities Implications

- 9.3 No specific implications arising from this report although where necessary Equality Impact assessments will be carried out to support decision making.

Risk Assessment

- 9.4 The timescales for completion of the surrender is January 2023. Should the deal not proceed as agreed there is a risk that the insolvency company putting the land and building back to the market, albeit the risk is low.

10. DECLARATIONS / CONFLICTS OF INTEREST & DISPENSATIONS GRANTED

- 10.1 None.

11. BACKGROUND DOCUMENTS

- 11.1 None.

12. APPENDICES

12.1 Appendix 1 – Plan

Appendix 2 – Particulars

Exempt Appendix 3 – Exempt Heads of Terms

Exempt Appendix 4 – Exempt Valuation and Options Report