

## **Trusts and Charities Committee - 27 February 2015**

<b>Title of paper:</b>	Property Exchange – 192 Poplar Street / 105 Carlton Road	
<b>Director:</b>	Stuart Knight – Director of Strategic Asset and Property Management	<b>Wards affected:</b> Dales
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<b>Relevant Council Plan Strategic Priority:</b>		
Cutting unemployment by a quarter		<input type="checkbox"/>
Cut crime and anti-social behaviour		<input type="checkbox"/>
Ensure more school leavers get a job, training or further education than any other City		<input type="checkbox"/>
Your neighbourhood as clean as the City Centre		<input type="checkbox"/>
Help keep your energy bills down		<input type="checkbox"/>
Good access to public transport		<input type="checkbox"/>
Nottingham has a good mix of housing		<input checked="" type="checkbox"/>
Nottingham is a good place to do business, invest and create jobs		<input type="checkbox"/>
Nottingham offers a wide range of leisure activities, parks and sporting events		<input type="checkbox"/>
Support early intervention activities		<input type="checkbox"/>
Deliver effective, value for money services to our citizens		<input type="checkbox"/>
<b>Summary of issues (including benefits to citizens/service users):</b>		
This report recommends the exchange of Bridge Estate's freehold interest in 192 Poplar Street for the freehold interest in 105 Carlton Road.		
<b>Recommendation:</b>		
<b>1</b>	To approve the exchange of Bridge Estate's freehold interest in 192 Poplar Street for Nottingham City Council's freehold interest in 105 Carlton Road.	

### **1. BACKGROUND**

Bridge Estate owns the majority of the freehold interest in 192 Poplar Street, Sneinton, subject to a periodic tenancy to Learning Works for Children Ltd at a rental of £17,500pa. The property comprises a two storey brick and slate Victorian building with a single story extension. It is currently used as a children's nursery. A part of the property, comprising most of the single storey extension and amounting to some 27% of the site area, is owned by Nottingham City Council.

The property forms part of an island site which has been identified as the location for a new BioScience building, which will form an extension to the adjacent BioCity complex. Nottingham City Council either owns or has acquired the remaining property interests necessary to proceed with the development and has approached Bridge Estate to acquire its interest in 192 Poplar Street.

As part of the transaction the City Council has agreed to purchase Bridge Estate an alternative asset, of the same or greater value, capable of housing the tenant who would be displaced following the demolition of 192 Poplar Street. It subsequently acquired 105 Carlton Road, a two storey building with four car spaces to the front and a secure yard to the rear for car parking/outside play area. Adaption works have been carried out to ensure that the property meets the requirements of the nursery. In anticipation of this, Learning Works for Children Ltd has agreed to take a lease of the new property on comparable terms to its existing agreement on 192 Poplar Street.

As this transaction is between Bridge Estate and Nottingham City Council, independent valuations have been obtained for both properties by an RICS Registered Valuer.

The valuations were carried out on the basis of market value as defined in the Valuation Professional Standards published by the RICS which are 'the estimated amount for which a property should exchange on the date of valuation between a willing buyer and a willing seller in an arms-length transaction after proper marketing wherein the parties have each acted knowledgeably, prudently and without compulsion'.

The valuation of 192 Poplar Street (this relates to the whole property) is £212,500. The pro rata value of the Bridge Estate element is £155,338. This is based on site area.

The valuation of 105 Carlton Road is £278,000.

## **2 REASONS FOR RECOMMENDATIONS (INCLUDING OUTCOMES OF CONSULTATION)**

The transfer of the property will provide Bridge Estate with a better quality asset of greater value. 192 Poplar Street is an aging Victorian property and to keep it in a lettable condition substantial investment would be required by Bridge Estate over the next few years. The property it will be exchanged for, 105 Carlton Road, is in a good state of repair and has been adapted to ensure it complies with current regulations for a children's nursery. The capital value is greater and there are good prospects of rental growth.

## **3. OTHER OPTIONS CONSIDERED IN MAKING RECOMMENDATIONS**

Retain 192, Poplar Street as an investment. The property requires significant investment to secure the rental stream in the years ahead and the nature of the building means that there is limited scope to recover this investment through an increase in the rent.

## **4. FINANCIAL IMPLICATIONS (INCLUDING VALUE FOR MONEY/VAT)**

Bridge Estate currently receives annual rental income of £17,500 from 192 Poplar Street. This report indicates that annual rental income from 105 Carlton Road will be at a similar level and therefore there will be no impact on the revenue budget within Bridge Estate by exchanging these properties with Nottingham City Council. Bridge Estate will also benefit from a greater capital value for 105 Carlton Road than that of 192 Poplar Street as set out in the Exempt Appendix.

**Finance Observations provided by Georgina Lewis, Finance Analyst**

**5. RISK MANAGEMENT ISSUES (INCLUDING LEGAL IMPLICATIONS AND CRIME AND DISORDER ACT IMPLICATIONS)**

The usual requirement imposed on charity trustees is for the transaction to represent the “best deal” for the charity having regard to advice from a suitably qualified surveyor. However in this instance, because the transaction is with a “connected person” i.e. the Charity Trustee, approval will be required from the Charity Commission under s117(1) of the Charities Act 2011 before the transaction can proceed. The Commission will also need to be assured that the proposed disposal has been advertised.

**Legal Observations provided by Malcolm R. Townroe, Head of Legal Services**

**6. EQUALITY IMPACT ASSESSMENT**

Not needed (report does not contain proposals or financial decisions)

**7. LIST OF BACKGROUND PAPERS OTHER THAN PUBLISHED WORKS OR THOSE DISCLOSING CONFIDENTIAL OR EXEMPT INFORMATION**

None

**8. PUBLISHED DOCUMENTS REFERRED TO IN COMPILING THIS REPORT**

None