

# Nottingham City Council Delegated Decision



**Nottingham**  
**City Council**

<b>Reference Number:</b>	<b>3854</b>
<b>Author:</b>	<b>Rodney Alan Martin</b>
<b>Department:</b>	<b>Development and Growth</b>
<b>Contact:</b>	<b>Rodney Alan Martin</b> <b>(Job Title: Development Manager, Email: rod.martin@nottinghamcity.gov.uk, Phone: 01158763075)</b>
<b>Subject:</b>	<b>Sale of the former Douglas School, 33 Seely Road, Nottingham, NG7 1NU</b>
<b>Total Value:</b>	<b>See Exempt Appendix (Type: Capital)</b>
<b>Decision Being Taken:</b>	<b>1) To agree the sale of the former Douglas School, 33 Seely Road, Nottingham, NG7 1NU to the existing tenant, Nottingham Studios Ltd, under the terms of the Option contained within their lease (amended to reflect Nottingham Studios Ltd current operating model), at the agreed price as set out in the Exempt Appendix.</b> <b>2) To agree to subsidise the purchase price as match/partnership funding in respect of an Arts Council England grant awarded to the tenant, Nottingham Studios Ltd, as set out in the Exempt Appendix.</b>
<b>Reasons for the Decision(s)</b>	<b>The former Douglas School, 33 Seely Road, Nottingham is currently occupied on a 30-year lease from 17 February 2011 by Nottingham Studios Ltd. The lease contains an Option for the tenant to purchase the freehold. The lease sets out the process for triggering the Option, the basis of the valuation and a number of specific covenants to be contained in the transfer if the Option is exercised. Nottingham Studios Ltd has served notice on the Council, triggering the Option, and the open market value of the property has been agreed in accordance with the terms of the Option. The tenant has requested that the Council agrees a reduced price as match/partnership funding in respect of an Arts Council Grant they have secured. Such a reduction will secure the grant and facilitate the property's continued use as non-profit-making artists' studios. If the property is sold by Nottingham Studios Ltd within a 25-year time period, the reduction in price is to be repaid.</b>
<b>Other Options Considered:</b>	<b>1) Not to agree to sell the property to Nottingham Studios Ltd on the basis of the terms agreed. This option was rejected, as appropriate terms have been agreed between the parties in accordance with the Option contained within the lease.</b> <b>2) Not to agree to subsidise the purchase price as match/partnership funding in respect of an Arts Council England grant awarded to Nottingham Studios Ltd. This option was rejected as the sale of the freehold at less than best consideration will secure the property's continued use as non-profit-making artists' studios.</b>

**Background Papers:** None

**Published Works:** None

**Affected Wards:** Radford

**Colleague / Councillor Interests:** None

**Any Information Exempt from publication:** Yes

**Exempt Information:**

**Description of what is exempt:** The financial details of the proposed sale.

**An appendix (or appendices) to this decision is exempt from publication under the following paragraph(s) of Schedule 12A of the Local Government Act 1972**

**3 - Information relating to the financial or business affairs of any particular person (including the authority holding that information).** The public interest in maintaining the exemption outweighs the public interest in disclosing the information because it relates to commercially sensitive information that could prejudice the Council's position in future negotiations if made publicly available.

**Documents exempt from publication:** Exempt Appendix Sale of the Former Douglas School.docx

**Consultations:** Date: 18/02/2020  
Ward Councillors: Hassan Ahmed, Anne Peach  
No response to date.

**Those not consulted are not directly affected by the decision.**

**Crime and Disorder Implications:**

None

**Equality:**

EIA not required. Reasons: The decision does not relate to new or changing policies, services or functions, and is not a financial decision that will have a direct effect on services. The decision does not concern the implementation of policies developed outside of the Council.

**Relates to Council Property Assets:**

Yes

**Decision Type:**

Portfolio Holder

**Subject to Call In:**

Yes

**Call In Expiry date:**

22/04/2020

**Advice Sought:**

Legal, Finance, Property

**Legal Advice:**

The proposals set out in the report raise no significant legal issues and are supported. The proposed sale price is at a slight discount to the site's actual valuation and is therefore a transaction for less than best consideration. Best consideration is a requirement of Section 123 Local Government Act 1972. Notwithstanding this fact, the sale can still proceed as the undervalue is well below the threshold ceiling for permitted disposals at an undervalue allowed by the General Disposal Consent.

Advice provided by Malcolm Townroe (Director of Legal and Governance) on 01/04/2020.

**Finance Advice:**

The former Douglas School is one of the sites that was highlighted for disposal as part of funding Primary School Reorganisation (Executive Board January 2012). Therefore, the receipt for this site is already committed within the Council's capital receipt pressure. Due to the current use of the building it is not within the forecast general fund capital receipts. However, the first call on the secured receipt is to offset any potential revenue pressure within the relevant service area generated from the disposal of the site. Any net capital receipt will then be used to fund the capital programme. The anticipated receipt as detailed in the Exempt Appendix is less than the receipt forecast for the site at Executive Board January 2012, and the reasons for this are detailed in the Exempt Appendix.

Advice provided by Tom Straw (Senior Accountant - Capital Programmes) on 02/03/2020.

**Property Advice:**

**This is a Property report and we are in agreement with the sale, whilst the sale of the freehold is at less than best consideration, this mechanism secures the properties continued use as non-profit-making artists' studios within the community. Following discussion with the author, the Council is protected should the venture fail, as it is understood that, if the property is sold within 25 years, they have to repay the subsidy uplifted by Retail Price Index from date of sale. If the use changes in 25 years, notwithstanding there is an absolute prohibition on change of use, they must pay us the difference between the existing use value and full market value.**

**Advice provided by Christine Read (Property Business Partner) on 07/04/2020.**

**Signatures**

<b>David Mellen (Leader/ PH Regeneration, Safety and Communications)</b>
<b>SIGNED and Dated: 11/04/2020</b>
<b>Chris Henning (Corporate Director for Development and Growth)</b>
<b>SIGNED and Dated: 08/04/2020</b>