

Executive Board – 21st November 2023

Subject:	Land and buildings situated at Pavilion Road and Trentside, West Bridgford, Nottingham.
Corporate Director(s)/Director(s):	Sajeeda Rose – Corporate Director for Growth and City Development
Portfolio Holder(s):	Councillor Steve Battlemuch
Report author and contact details:	Bevis Mackie – Corporate Portfolio & Investment Manager Bevis.Mackie@nottinghamcity.gov.uk
Other colleagues who have provided input:	Malcolm Townroe - Director of Legal and Governance Steve Sprason – Interim Head of Property Rizvan Shafiq – Principal Surveyor Beverley Gouveia – Disposals & Development Manager
Subject to call-in:	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
Key Decision:	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
Criteria for Key Decision:	
(a) <input type="checkbox"/> Expenditure <input type="checkbox"/> Income <input type="checkbox"/> Savings of £750,000 or more taking account of the overall impact of the decision	
and/or	
(b) Significant impact on communities living or working in two or more wards in the City <input type="checkbox"/> Yes <input type="checkbox"/> No	
Type of expenditure: <input type="checkbox"/> Revenue <input type="checkbox"/> Capital If Capital, provide the date considered by Capital Board Date: n/a	
Total value of the decision: see exempt appendix	
Wards affected: not applicable	
Date of consultation with Portfolio Holder(s):	
Relevant Council Plan Key Outcome:	
Green, Clean and Connected Communities	<input type="checkbox"/>
Keeping Nottingham Working	<input type="checkbox"/>
Carbon Neutral by 2028	<input type="checkbox"/>
Safer Nottingham	<input type="checkbox"/>
Child-Friendly Nottingham	<input type="checkbox"/>
Living Well in our Communities	<input type="checkbox"/>
Keeping Nottingham Moving	<input type="checkbox"/>
Improve the City Centre	<input type="checkbox"/>
Better Housing	<input type="checkbox"/>
Serving People Well	<input checked="" type="checkbox"/>
Summary of issues (including benefits to citizens/service users):	
<p>To seek authority to enter into without prejudice (subject to contract and formal approval) discussions with the tenant to explore all options in relation to the site to inform the most appropriate position for the council to meet its best consideration obligations.</p> <p>The options to be considered will include:</p> <ol style="list-style-type: none"> 1. Retain the current arrangement and lease and continue as is; 2. Renegotiate and re-grant the lease 3. Disposal of the freehold <p>The risks and benefits of all options relating to maintaining the current position, considering a possible surrender and regrant (lease re-gear) of the leasehold interest, or disposal of the Council's freehold interest have been considered in the exempt appendix and will be reviewed once the options have been explored to determine which is the most appropriate outcome for the</p>	

council.

Any formal decision based on the outcome of the negotiations will still be subject to formal consideration and approval.

To assist with the review of the above-mentioned options, we will appoint an external specialist property consultant to advise the Council.

Does this report contain any information that is exempt from publication?

The appendix to this report is exempt from publication under paragraph of Schedule 12A to the Local Government Act 1972 because it contains information relating to the financial or business affairs of particular persons (including the authority holding the information) and, having regard to all the circumstances, the public interest in maintaining the exemption outweighs the public interest in disclosing the information. It is not in the public interest to disclose this information because it could prejudice the Council's negotiation strategy in the event of a disposal and may adversely impact the capital receipt the Council could receive.

Legal comments contained in the exempt appendix are exempt from publication under paragraph 5 of Schedule 12A to the Local Government Act 1972 because it contains information in respect of which a claim to legal professional privilege could be maintained in legal proceedings relating to a proposed transaction and, having regard to all the circumstances, the public interest in maintaining the exemption outweighs the public interest in disclosing the information.

It is not in the public interest to disclose this information because it contains confidential legal advice in respect of the proposed transaction and disclosure could prejudice the Council's position.

Recommendation(s):

1 Approval to enter into without prejudice (subject to contract and formal approval) negotiations with the tenant to explore all options in relation to the arrangements for the site. This will include consideration of a possible surrender and regrant (lease re-gear) of the leasehold interest, continue as is or disposal of the Council's freehold interest in respect of land and buildings situated at Pavilion Road and Trentside, West Bridgford, Nottingham and with a further report being brought back to Executive Board on the outcome of those negotiations in due course.

2 Approval to appoint an external specialist commercial property consultant to advise the Council and subject to satisfactory terms being agreed between the parties to provide a formal valuation report that satisfies the Best Consideration requirements under S.123 of the Local Government Act 1972.

1. Reasons for recommendations

1.1 The Council owns the freehold interest in the property which is subject to a lease held by the tenant. The parties wish to enter into without prejudice discussions, which will be subject to a further approval to consider all options in relation to the arrangements with the property and establish a mutually agreed position between both parties and in doing so meets the Council's best consideration obligations.

1.2 The options to be considered will include:

1. Retain the current arrangement and lease and continue as is;
2. Renegotiate and re-grant the lease
3. Disposal of the freehold

1.3 External advice is required from a specialist commercial property consultant given the nature of the asset and to provide independent valuation advice in relation to the council's best consideration obligations.

2. **Background (including outcomes of consultation)**

2.1 The property forms part of the Council's commercial property investment portfolio and is subject to an occupational lease. A lease re-gear or disposal of the Council's freehold interest to the tenant would provide the Council with a substantial capital receipt.

3. **Other options considered in making recommendations**

3.1 Not to proceed with entering into negotiations with the tenant and continue with the existing lease – this is not recommended as the tenant has asked the Council to enter into negotiations regarding their occupation of the property and it would be beneficial for the Council to consider all options. To agree final terms negotiations need to be conducted between the parties to establish whether mutually acceptable terms can be agreed in the context of the council's best consideration responsibility

3.2 Other options considered are as set out in the exempt appendix.

4. **Consideration of Risk**

4.1 See exempt appendix.

5. **Finance colleague comments (including implications and value for money/VAT)**

5.1 Finance comments are included in the exempt appendix.

Ross Brown – Corporate Director of Finance and Resources

6. **Legal colleague comments**

6.1 Legal comments are included in the exempt appendix

Malcolm R. Townroe – Director of Legal and Governance.

7. **Other relevant comments**

7.1 Comments are provided in the exempt appendix

Beverley Gouveia – Disposals & Development Manager – Strategic Assets & Property.

8. **Crime and Disorder Implications (If Applicable)**

8.1 Not applicable

9. Social value considerations (If Applicable)

9.1 Not applicable

10. Regard to the NHS Constitution (If Applicable)

10.1 Not applicable

11. Equality Impact Assessment (EIA)

11.1 Has the equality impact of the proposals in this report been assessed?

No
An EIA is not required because this decision does not include principles for new or changing policies, services or functions

Yes

12. Data Protection Impact Assessment (DPIA)

12.1 Has the data protection impact of the proposals in this report been assessed?

No
A DPIA is not required because the decision will not involve the transfer of data to any parties. If this is required at a later date as part of the disposal process and DPIA will be completed.

Yes

13. Carbon Impact Assessment (CIA)

13.1 Has the carbon impact of the proposals in this report been assessed?

No
A CIA is not required because this decision is concerned with entering into discussions for possible disposal a commercial property asset to the tenant which will occupy the premises for the purpose of carrying out its business activities

Yes

14. List of background papers relied upon in writing this report (not including published documents or confidential or exempt information)

14.1 None

15. Published documents referred to in this report

15.1 None