

Nottingham City Council Delegated Decision



Nottingham
City Council

Reference Number:	5179
Author:	Rizvan Shafiq
Department:	Growth and City Development
Contact:	Rizvan Shafiq (Job Title: Principal Surveyor, Email: rizvan.shafiq@nottinghamcity.gov.uk, Phone: 8763087)
Subject:	Surrender and re-grant of a new lease for 3.868 Acres of land at Longwall Avenue, Queens Industrial Estate Nottingham
Total Value:	Exempt (Type: Capital)
Decision Being Taken:	To agree to surrender of the existing lease of the property and granting of a new 150-year lease on the terms as set out in an exempt appendix.
Reasons for the Decision(s)	The tenant has approached the City Council with a view of re-gearing their existing lease to a new 150-year term. Accordingly, terms have been agreed which are contained in an exempt appendix. The re-gear of the lease will provide a longer term and increased security for the tenant, encouraging their investment into the property. In addition, the re-gear will provide a capital receipt for the City Council, which will support the Council's Together for Nottingham Recovery and Improvement Plan. The surrounding parcels of land are also let on long leases, which prevents any comprehensive development of this site.
Briefing notes documents:	Background Information.docx, Plan - Land 3.868 acres at Longwall Avenue.pdf
Other Options Considered:	(1) To continue with the current lease terms - this option is rejected as it would result in a missed opportunity for the Council to achieve a capital receipt and would discourage investment into a Council asset.(2) Sale of Freehold - This is not recommended, the City Council own the surrounding and adjoining freehold interests within the estate and would not want to fragment the ownership unnecessarily. By retaining the freehold the Council will retain an asset which will deliver further capital receipts in time whilst not creating a management burden in terms of cost or time. Further commercial reasons are provided in the exempt appendix.(3) Review Ground Rent - This is less financially viable given the current need for capital receipts and the potential unwillingness for the tenant to renew at a considerable higher rent (currently a peppercorn).

Background Papers: **None**

Published Works: **None**

Affected Wards: **Meadows**

Colleague / Councillor Interests: **None**

Any Information Exempt from publication: **Yes**

Exempt Information:

Description of what is exempt: **Financial information.**

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 would prejudice future negotiations that the Council undertakes.**

Documents exempt from publication: **2024.07.15- EXEMPT Appendix SFB TS.docx**

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

Crime and Disorder Implications: **None arising from the decision to be taken.**

Equality:	EIA not required. Reasons: The decision does not involve new or changing policies, services or functions.
Relates to Council Property Assets:	Yes
Decision Type:	Portfolio Holder
Subject to Call In:	Yes
Call In Expiry date:	07/10/2024
Advice Sought:	Legal, Finance, Property
Commissioner Comments:	The Commissioners are content with this decision
Legal Advice:	From the information provided in the report and after discussion with the surveyor, the proposed transaction does not appear to raise any substantive legal issues of concern and is supported. The re-gear of the lease will be subject to normal property legal due diligence and the drafting, agreement and completion of formal legal documentation between the parties. Advice provided by Fezil Veli (solicitor) on 25/07/2024.
Finance Advice:	This advice is exempt from publication and is contained within an exempt appendix Advice provided by Sarah Baker (Senior Commercial Business Partner - Property) on 30/08/2024 Advice provided by Tom Straw (Senior Accountant - Capital Programmes) on 30/08/2024
Property Advice:	A lease re-gear has been agreed on the subject asset at a premium which represents best consideration. The option of selling the freehold interest of the asset was considered but was rejected as a market level premium has been achieved, this has extracted the market value from the asset whilst maintaining it within the Council's ownership. The re-gear will deliver a substantial capital receipt quickly and will count towards the 2024/25 capital receipts target. Advice provided by Beverley Gouveia (Head of Property) on 18/07/2024.
Signatures	Ethan Radford (Exec Member - Skills, Growth, Economic Development) SIGNED and Dated: 30/09/2024 Nicki Jenkins (Corporate Director of Growth and City Development) SIGNED and Dated: 27/09/2024