

Nottingham City Council Delegated Decision



Reference Number:	5193
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Department:	Growth and City Development
Contact:	David Smeeton (Job Title: Interim Disposals Surveyor, Email: david.smeeton@nottinghamcity.gov.uk, Phone: +447785253059)
Subject:	To request the approval to dispose of the property known as the Falcon Supermarket 135 Carlton Road Nottingham NG3 2FN
Total Value:	See Exempt Appendix (Nil) (Type: Nil)
Decision Being Taken:	<p>1. To declare the premises known as the Falcon Supermarket, 135 Carlton Road, NG3 2FN, surplus to the Trading Account and to make the freehold available for disposal. No alternative operational, regeneration, community or other requirements have been identified (Officer Operational Decision).2. To grant delegated authority to the Director of Economic Development and Property to approve the method, disposal price and terms of sale of the freehold interest in this property as set out in the Exempt Appendix. The receipt will be held as a corporate capital receipt and used in accordance with the Capital Strategy (Portfolio Holder Decision).3. To delegate authority to the Director of Economic Development and Property to appoint, via a procurement compliant procedure and pay appropriate fees associated with any external resource required to dispose of the subject property to achieve Best Consideration and comply with the Council's adopted disposals strategy.</p>
Reasons for the Decision(s)	<p>1. The Council has faced a budget cap of over £50M for 2024/25 due to issues facing Councils across the country including increased demand for children's and adults' social care, rising homelessness presentations and inflation. This has meant savings of over £36M need to be made between 2024/25 to 2027/28 to set a balanced budget, which is a legal requirement for all Councils. In addition, the Council, has been granted Exceptional Financial Support (EFS) from the Government of up to c.£66.143M - £25M for 2023/24 and £41.143M in 2024/25. EFS is not additional funding from Government but allows the Council to use capital resources, including from asset sales to fund revenue costs for services.2. Asset rationalisation is also a significant part of the Council's Improvement Plan 2024.3. The property is in a secondary retail location.4. The property is let on a long lease at a peppercorn rental, with 55 years remaining until expiry.5. the property is non-compliant with current and 2027 EPC standards which will prohibit re-letting without considerable capital expenditure.6. There is no strategic requirement for the property's retention.</p>

Other Options Considered:

1. Do nothing: - a) Risk - this option has been rejected as retention of the asset presents a financial risk to the Council in terms of capital expenditure for repairs, maintenance and compliance works. Retaining the asset would also forego potentially significant capital receipts. This is not a viable option as the property could become management intensive. b.) Risk mitigations - Ensure a successful disposal is achieved. Ensure the asset is approved for disposal is marketed effectively, at the earliest opportunity, to ensure sufficient exposure, generating a high level of awareness amongst potential purchasers. Adoption of an asset-specific marketing strategy to ensure the asset is targeted at specific market segments to maximise likelihood of a successful disposal. Use of auction provides increased certainty of securing a disposal within a defined timescale and on an unconditional basis. Allocate dedicated specialist resource with significant experience of commercial property disposal transactions.2. Retain the property:- a) Risk - this option has been rejected as this is a poor quality asset requiring capital expenditure and is likely to under perform in the future. It is unlikely a pro-active asset management approach would materially enhance the asset and is unlikely to be an effective and efficient use of resources. b) Risk mitigations - successfully dispose of the property (see 1b above).

Background Papers:

Published Works:

Affected Wards:

St Ann's

Colleague / Councillor Interests:

Any Information Exempt from publication:

Yes

Exempt Information:

Description of what is exempt:

Details of valuation information and the expected capital receipt. 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.

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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 contains commercially sensitive information concerning property valuation and expected capital receipt.

Documents exempt from publication:

Exempt - ARB - 10th Nov 23 - Falcon Supermarket.pdf, 2024.07.22 Exempt Appendix Falcon Supermarket 135 Carlton Road SFB TS.doc

Consultations:

Date: 08/07/2024

Ward Councillors: Corall Jenkins, Anwar Khan, Devontay Okure

No feedback has been received to-date on this proposed disposal from the Cllrs.

Those not consulted are not directly affected by the decision.

Crime and Disorder Implications:

There are no Crime and Disorder implications arising from the disposal.

Equality:

EIA not required. Reasons: Reasons: EIA not required. Reasons - The decision does not include changing the principles, services or functions.

Relates to Council Property Assets:

Yes

Decision Type:

Portfolio Holder

Subject to Call In:

Yes

Call In Expiry date:

29/10/2024

Advice Sought:

Legal, Finance, Procurement, Property

Commissioner Comments:

The Commissioners are content with this decision

Legal Advice:

Legal understands that the property is surplus to requirements, and is let on a long lease at a peppercorn rent. The sale will need to meet the requirements of best value, and consideration will need to be given to what method of sale will achieve this. If the property is unregistered, legal would advise to get it registered prior to disposal. Finance should be consulted around any arrears with the current tenant, as to service charge etc.

The sale itself will be subject to negotiation and agreement of normal commercial documents together with the usual due diligence disclosures. Consideration should be given as to whether overage is appropriate or not. Advice provided by Victoria McIntyre (Solicitor) on 15/08/2024.

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 27/08/2024
Advice provided by Tom Straw (Senior Accountant - Capital Programmes) on 27/08/2024

Procurement Advice:

This decision raises no procurement concerns as the property will be auctioned off to the highest bidder via the contracted Auctioneer
Advice provided by Paul Ritchie (Procurement Manager) on 12/09/2024.

Property Advice:

The property has been assessed by both Strategic Assets & Property and Finance and is recommended for disposal. Sale will be undertaken in line with the adopted Disposals Policy and any proposed refresh of the policy. An appropriate method of sale will be recommended to ensure best consideration is achieved and that the sale completes in a timely period. Any revenue pressure created will be offset using allocated funding. The Disposals Team will work with Legal Services to ensure the sale is progressed at pace.
Advice provided by Beverley Gouveia (Head of Property) on 29/08/2024.

Signatures

Ethan Radford (Exec Member - Skills, Growth, Economic Development)

SIGNED and Dated: 22/10/2024

Nicki Jenkins (Corporate Director of Growth and City Development)

SIGNED and Dated: 17/10/2024