

Nottingham City Council Delegated Decision



Reference Number:	2311
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Department:	Development
Contact:	Beverley Gouveia (Job Title: Estates Surveyor, Email: beverley.gouveia@nottinghamcity.gov.uk , Phone: 01158762381)
Subject:	Purchase of long leasehold interest - Glaisdale Industrial Estate, Bilborough, Nottingham
Total Value:	£314,240 (Type: Capital and Revenue)
Decision Being Taken:	To purchase the remaining long leasehold interest in land comprising 7,510 sq yards at Glaisdale Industrial Estate, Bilborough on the terms set out in the exempt appendix.
Reasons for the Decision(s)	<p>The City Council owns the freehold interest in the 7,510 sq yard site on Glaisdale Industrial Estate, Bilborough, which is subject to a 99 year lease with effect from 23 April 1965 at a current ground rent of £470 per annum. The site extends to 1.56 acres and is sublet on a 15 year lease from May 2007.</p> <p>Terms have been agreed to purchase the long lease, this will provide an income to the City Council in the short term but in the longer term the site has redevelopment potential for employment use as it forms part of the Glaisdale Drive Industrial Estate. Glaisdale Industrial Estate is a strategic regeneration site which requires positive intervention by the City Council. Many of the long leasehold interests on the estate have less than 50 years left to run; this provides a barrier to investment and redevelopment. The acquisition of the long lease will provide the Council with direct control of the site. The current tenant of the site will provide short term income with the potential to increase that income at rent review in 2017.</p> <p>Moving forward, there are various options open to the Council including negotiating a new lease with the tenants, developing the site should it become vacant or making a new long lease available to a developer.</p>
Other Options Considered:	The Council could choose not to proceed with the surrender. Not proceeding would be a missed opportunity to acquire a good industrial leasehold investment.
Background Papers:	None

Published Works:	None
Affected Wards:	Bilborough
Colleague / Councillor Interests:	None
Any Information Exempt from publication:	Yes
Whole decision exempt:	Yes
Exempt 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 the publication of the terms of the purchase would reveal the Councils negotiating position and could prejudice the transaction.
Documents exempt from publication:	Heads of Terms - Surrender of Lease at Wingate Close.pdf, Exempt Appendix - Purchase of Long Leasehold - Wingate Close-Nov 2015.docx
Consultations:	Those not consulted are not directly affected by the decision.
Crime and Disorder Implications:	The property is occupied and will continue in the same use and occupation following the purchase. There will be no direct crime and disorder implications.
Equality:	EIA not required. Reasons: This is not a new or changing policy, service or function.
Decision Type:	Portfolio Holder

Subject to Call In: Yes

Call In Expiry date: 03/02/2016

Advice Sought: Legal, Finance

Legal Advice: The proposals set out in the report raise no significant legal issues and, on the basis of the rationale provided, are supported. The legal work associated with the surrender will be undertaken by the inhouse legal team who will take all steps deemed necessary to protect the Council's interests. Advice provided by Malcolm Townroe (Legal Services Manager) on 26/11/2015.

Finance Advice: The acquisition of the long leasehold interest can be funded from the Property Trading Account Capital Receipts. Future income, as detailed in the exempt appendix, will be credited to the Property Trading Account.

TAX

Normally the sale of the assets of a VAT registered or VAT registerable business will be subject to VAT at the appropriate rate. A transfer of a business as a going concern for VAT purposes (TOGC) however is the sale of a business including assets which is not treated as a supply of goods as long as the following conditions are met;

- 1.The assets must be sold as part of a business as a going concern
- 2.The assets are to be used by the purchaser with the intention of carrying on the same kind of business as the seller
- 3.Where the seller is a taxable person, the purchaser must be a taxable person already or become one as the result of the transfer
- 4.There must not be a series of immediately consecutive transfers
- 5.In respect of land which would otherwise be standard rated if it were supplied, the purchaser must notify HMRC of an option to tax the land by the relevant date.

As the transaction meets the qualifying criteria the purchase of 7,510sq yards at Wingate Close does constitute a TOGC and therefore, is outside the scope of VAT.

Advice provided by Tina Adams (Capital and taxation Manager) on 23/12/2015.

Signatures Jon Collins (Leader & PH Strategic Regeneration & Development)

SIGNED and Dated: 27/01/2016

David Bishop (Deputy CE, CD for Development and Growth)

SIGNED and Dated: 15/01/2016