

Nottingham City Council Delegated Decision



Nottingham
City Council

Reference Number:	3348
Author:	Rizvan Shafiq
Department:	Development and Growth
Contact:	Rizvan Shafiq (Job Title: Senior Estates Surveyor, Email: rizvan.shafiq@nottinghamcity.gov.uk, Phone: 8763087)
Subject:	1,911 sq yds of land at Salisbury Street, Nottingham, NG7 2BE
Total Value:	Exempt (Type: Capital)
Decision Being Taken:	To authorise the sale of the Council's freehold interest (which is subject to a 99 year lease) in 1,911 sq yds of land at Salisbury Street, Nottingham, on terms contained within an exempt appendix.
Reasons for the Decision(s)	<p>The property is situated on Salisbury Street, Radford, linked to Ilkeston Road (A609) via Faraday Road, approximately 1.5 miles to the West of the City Centre. The surrounding area comprises a mixture of modern residential and established industrial developments.</p> <p>The subject is a square site developed as modern industrial premises. The building comprises a larger building divided to provide four self-contained units. The rear two units are incapable of vehicular access. Beneficial use of the rear two units can only be achieved if alterations are carried out to alter the block complex to provide one large single unit or a pair of semi-detached units (2 no. units).</p> <p>The property is let on a 99 year lease with effect from 1982 at a current ground rent of £12,000 per annum exclusive subject to 5 yearly rent reviews and is currently let to A Camm Limited, who in turn sublet the units.</p> <p>The freehold sale will provide increased security for the tenants, therefore encouraging their investment into the property. In addition, the Council will receive a capital payment into the Trading Account which will be ring-fenced to undertake refurbishment works at Salisbury Square Industrial Estate.</p>

Other Options Considered: To continue with the current lease terms - this option is not recommended as there is potential for the Council to receive a capital receipt and encourage investment.
The Council sell its freehold interest in the property on the open market - This option is not recommended. A purchaser from the open market would only consider purchasing the property as an investment or for future development potential. Bearing in mind that the current lease has 63 years unexpired term, it is not considered that an investor would be prepared to pay as much as the current leaseholder for the Council's freehold interest. The current tenant is regarded as a special purchaser in acquiring the Council's freehold, and will pay a premium for the amalgamation of these two interests.

Background Papers: None

Published Works: None

Affected Wards: Radford and Park

Colleague / Councillor Interests: None

Any Information Exempt from publication: Yes

Exempt Information:

Description of what is exempt: Financial details and terms of agreement

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 details are commercially sensitive and disclosure of the terms could prejudice future negotiations that the Council undertakes.

Documents exempt from publication:

2018.09.12 - Exempt Appendix Salisbury Street.docx

Consultations:

Date: 06/09/2018

Ward Councillors: Liaqat Ali, Anne Peach, Ilyas Aziz

No objections or issues were raised.

Those not consulted are not directly affected by the decision.

Crime and Disorder Implications:

None

Equality:

EIA not required. Reasons: This is not a new or changing policy, service or function. The decision adheres to all Council Equality policies.

Relates to Council Property Assets:

Yes

Decision Type:

Portfolio Holder

Subject to Call In:

Yes

Call In Expiry date:

27/12/2018

Advice Sought:

Legal, Finance, Property

Legal Advice:

From the information provided and discussion with the author of the report, the proposed transaction does not appear to raise any substantial legal issues of concern. The transaction will be subject to the usual legal due diligence to be undertaken by the Council's legal team and the agreement of formal contractual documentation between the parties.

Advice provided by Mick Suggett (Team leader: Conveyancing) on 17/09/2018.

Finance Advice:

Property trading account will lose annual income from this property but the property trading account capital receipt will be ring-fenced to undertake capital works at Salisbury Square Industrial Estates.

Advice provided by Mandy Bryce (Finance Analyst) on 13/09/2018.

Property Advice:

The sale of this site will create a capital receipt for the Council. This money will then be used to repair the roof on an industrial unit which will prolong the life of the unit to allow it to be let out to secure the future revenue income for the Council.

Advice provided by Pippa Hall (Portfolio and Investment Manager) on 13/09/2018.

Signatures

Jon Collins (Leader & PH for Regeneration and Growth)
SIGNED and Dated: 17/12/2018
Chris Henning (Corporate Director for Development and Growth)
SIGNED and Dated: 13/12/2018