

# Nottingham City Council Delegated Decision



**Nottingham**  
**City Council**

Reference Number:

3549

Author:

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Department:

Development and Growth

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Subject:

Sale of the freehold of 289 and 293 Main Street, Bulwell, NG6 8ED

Total Value:

See exempt appendix (Type: Revenue)

Decision Being Taken:

To declare two Trading Account assets (289 Main Street, Bulwell, NG6 8ED and 293 Main Street, Bulwell, NG6 8ED) surplus to investment requirements and to make these properties available to sell, subject to no alternative operational, regeneration, community or other requirements being identified.

To grant delegated authority to the Director of Strategic Assets and Property to agree the terms of sale, including final selling price and/or setting of auction guides and reserves.

To approve that the capital receipt will be used to reinvest in the Trading Account for maintenance of current assets or to fund acquisition of better performing assets.

**Reasons for the Decision(s)** The assets are generally in a poor and outdated condition, both internally and externally, and would require significant capital investment to bring them back up to a lettable standard. 289 Main Street requires two essential schemes of repair/renewal works; a rewire of the entire electrical system and the creation of a sufficient fire escape route for the ground and first floor levels of the building. The total sum for performing these works on the property is estimated at £22,509. Similarly, 293 Main Street has been inspected by the Council's Structural Engineer and a condition assessment of the property has been undertaken, where several structural defects have been identified indicating that the condition of the building is a concern. The total sum for performing structural repair works on this property is estimated at £32,000.

Combined, the Council would need to expend approximately £50,000 in capital for building repairs, plus additional capital to modernise and refurbish both properties at an estimated £10,000 (£5,000 per property). Based on these costs and the assumption that a greater rental value could be achieved through repair and refurbishment, the Council will not see a return on any inward investment for approximately 10 years. In summary, the high cost of repairs to comply with health and safety requirements, and upgrading the properties to make them available to let, makes these uneconomic investments for the Council. 289 is occupied as a retail unit and 293 is currently void, having recently been taken back by the Council. They are located in a secondary position away from the main retailing areas. There is limited passing trade and potential for rental growth is therefore restricted in this location.

Sale by auction is the recommended option. This enables the Council to seek interest during a defined marketing period and sell under auction conditions, which means an immediate exchange of contracts from a ready, willing and able buyer. The Council will recharge 2% of the sale price of each property plus the auctioneers' fees to the purchaser. If no interest is received in the properties at auction the method of sale will be reviewed and the properties will be reoffered for sale by the most appropriate method decided at the time.

The capital receipts derived from the sale is to be used to re-invest in the Trading Account.  
The Trading Account are to remain responsible for the revenue costs of holding the building surplus including, but not limited to, security costs, utilities, rates and maintenance until the property is sold.

**Briefing notes documents:** 2019.05.10 289 293 Main Street Red line Plan.pdf

**Other Options Considered:**

- 1) Continue to try and let the properties. However, these are properties that require significant capital investment to secure any future income stream. For this reason, this option is rejected.
- 2) To remove the property off the market and retain for internal purposes. This option was rejected as no identified internal use exists.

**Background Papers:** None

**Published Works:** None

**Affected Wards:** Bulwell

**Colleague / Councillor Interests:** None

**Any Information Exempt from publication:** Yes

**Exempt Information:**

**Description of what is exempt:** The exempt appendix contains background information, valuation summaries and the investment appraisal.

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 valuations and investment appraisal contain commercially sensitive financial information which could prejudice the sale or re-let of the properties.

**Documents exempt from publication:** 2019.05.07 Background Notes to Disposal of Freehold Interests of 289 and 293 Main Street Bulwell.doc, Investment Appraisal Template - 289 and 293 Main Street Bulwell MW 25.04.19.xlsx

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

**Crime and Disorder Implications:** There are no Crime and Disorder implications that relate to this decision. This decision has a positive implication for Section 17 of the Crime and Disorder Act as it seeks to improve existing void properties which can help to deter the potential for vandalism, damage and theft of an otherwise vacant property.

**Equality:** EIA not required. Reasons: EIA is not required in this decision as this is not a new or changing policy, service or function. The decision adheres to all the Council's Equality Policies.

**Relates to Council Property Assets:** Yes

**Decision Type:** Portfolio Holder

**Subject to Call In:** Yes

**Call In Expiry date:** 17/06/2019

**Advice Sought:** Legal, Finance, Property

**Legal Advice:** From the information provided in the report and following discussion with the author of the report, the proposed transaction does not appear to raise any substantive legal issues of concern. The proposed transaction will be subject to normal property legal due diligence and the drafting, negotiation and agreement of formal contract documentation between the parties.  
  
Advice provided by Mick Suggett (Team leader: Conveyancing) on 03/06/2019.

**Finance Advice:** Property trading account will lose annual rental income from this property, the capital receipt from the disposal will support either future investment purchases or will be used to improve the standard of other traded properties to generate more income.  
  
Advice provided by Mandy Bryce (Finance Analyst) on 08/05/2019.

**Property Advice:** The cost to repair these properties is uneconomic. The revenue raised from the sale of this property will be utilised elsewhere by the property trading account.  
  
Advice provided by Pippa Hall (Portfolio and Investment Manager) on 24/05/2019.

**Signatures**

David Mellen (Leader/ PH Regeneration, Safety and Communications)
SIGNED and Dated: 07/06/2019
Chris Henning (Corporate Director for Development and Growth)
SIGNED and Dated: 06/06/2019