

<b>DECISION-MAKER:</b>	CABINET
<b>SUBJECT:</b>	MILLBROOK TRADING ESTATE - DISPOSAL OF FREEHOLD INVESTMENT
<b>DATE OF DECISION:</b>	24 OCTOBER 2011
<b>REPORT OF:</b>	CABINET MEMBER FOR RESOURCES, LEISURE AND CULTURE

#### **STATEMENT OF CONFIDENTIALITY**

Confidential Appendix 2 contains information deemed to be exempt from general publication based on Category 3 of paragraph 10.4 of the Council's Access to Information Procedure Rules. The appendix includes details of a proposed transaction which, if disclosed prior to entering into a legal contract, could put the Council at a commercial disadvantage. In applying the public interest test it is not considered appropriate to make public the bids received as this could lead to a revision of bids and, in the event of the transaction failing to complete, prejudice re-tendering of the property, therefore reducing the amount receivable by the Council

#### **BRIEF SUMMARY**

Following approval by Cabinet on 6 June 2011 of terms for the sale of the freehold investment in the Millbrook Trading Estate, the highest bidder has reduced their offer. This report seeks approval to the revised offer which remains the highest received.

#### **RECOMMENDATIONS:**

- (i) To approve the sale of the freehold investment in the Millbrook Trading Estate to the recommended bidder on the revised basis as set out in Confidential Appendix 2 and to delegate authority to Head of Property & Procurement to negotiate final details of sale and to accept the next best bid in the event of the selected bidder not proceeding and to continue such process as necessary.
- (ii) That the Head of Legal, HR and Democratic Services be authorised to enter into any legal documentation necessary in respect of the sale.
- (iii) To note that the capital receipt will be used to reduce the current funding deficit in the capital programme.

#### **REASONS FOR REPORT RECOMMENDATIONS**

1. Owing to the results of thorough due diligence by the selected bidder, they are no longer prepared to proceed at the previously approved price, and have reduced their offer. There is no delegated authority to vary the price agreed so this report recommends proceeding with the same purchaser at the reduced price.

#### **ALTERNATIVE OPTIONS CONSIDERED AND REJECTED**

2. To proceed with the second highest bidder. Further details are in the confidential appendix to this report.

## **DETAIL (Including consultation carried out)**

3. This report is submitted for consideration as a General Exception under paragraph 15 of the Access to Information Procedure Rules in Part 4 of the City Council's Constitution, notice having been given to the Chair of the Overview and Scrutiny Committee and the public. The matter requires an early decision before the publication of the next Forward Plan, in order to secure the exchange of contracts followed by completion of the sale at the earliest possible date, thereby mitigating the financial loss that would occur if the selected bidder withdrew.
4. Cabinet approved terms for the sale of the freehold of the Millbrook Trading Estate and Technology Campus on 6 June 2011 on terms set out in the confidential appendix to that report. Details of all bids received are included within the confidential appendix 2 to this report.

## **RESOURCE IMPLICATIONS**

### **Capital/Revenue**

5. The capital receipt to be received by Southampton City Council as detailed in confidential appendix 2 will be allocated to the general fund.
6. The disposal will result in a £171,500 loss of income per annum to the Resources Portfolio Investment Property Account. This loss of income has not been built into the 2011/12 approved estimates. Assuming completion of the sale in November 2011, there will be a part-year loss of income in the current financial year, increasing to £171,500 per annum on an ongoing basis from 2012/13.

### **Property/Other**

7. The highest (and recommended) offer submitted is unconditional, which will enable the Council to proceed to the exchange of contracts and a subsequent sale without any undue delays.

## **LEGAL IMPLICATIONS**

### **Statutory power to undertake proposals in the report:**

8. The land is held under Section 233 Town and Country Planning Act 1990
9. Disposal may proceed under Section 233 Town and Country Planning Act 1990 in order to secure best use of the site and/or proper planning of the area. Provided the disposal is for best consideration then no separate consent for such disposal need be sought from the Secretary of State. The revised offer still represents best consideration under Section 123 Local Government Act 1972.

### **Other Legal Implications:**

10. A new Cabinet authority is required to approve a reduction in the price approved by cabinet June 2011.

## **POLICY FRAMEWORK IMPLICATIONS**

11. The disposal of a council property for capital receipt supports the Councils capital programme.

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**KEY DECISION?** Yes

<b>WARDS/COMMUNITIES AFFECTED:</b>	None
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**SUPPORTING DOCUMENTATION**

**Non-confidential appendices are in the Members' Rooms and can be accessed on-line**

**Appendices**

1.	Plan of the site
2.	Confidential: list of offers, and recommendations

**Documents In Members' Rooms**

1.	None
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**Integrated Impact Assessment**

Do the implications/subject of the report require an Integrated Impact Assessment (IIA) to be carried out.	No
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**Other Background Documents**

**Integrated Impact Assessment and Other Background documents available for inspection at:**

Title of Background Paper(s)	Relevant Paragraph of the Access to Information Procedure Rules / Schedule 12A allowing document to be Exempt/Confidential (if applicable)
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1.	None	
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