

DECISION-MAKER:	CABINET
SUBJECT:	DISPOSAL OF 60-64 ST MARYS ROAD
DATE OF DECISION:	21 NOVEMBER 2011
REPORT OF:	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.	

BRIEF SUMMARY

This report seeks authority for the sale of the 60-64 St Marys Road. The property is a vacant site and the sale offers the opportunity to realise a capital receipt and allow redevelopment of the site.

RECOMMENDATIONS:

- (i) To approve the principle of the sale of the Council's freehold interest, and
- (ii) To delegate authority to the Head of Property and Procurement to negotiate and agree the terms of the sale to the bidder that offers best consideration following consultation with the Cabinet Member for Resources, Leisure and Culture and carry out all ancillary matters to dispose of the site.
- (iii) To note that the estimated value of the capital receipt from this sale has already been built into the funding of the capital programme. Any receipt higher than the estimate will be used to reduce the funding deficit. A receipt lower than this will increase the deficit.

REASONS FOR REPORT RECOMMENDATIONS

1. To enable the redevelopment of a vacant city centre site thereby delivering significant environmental improvements and the promotion of the regeneration of the area.
2. To realise a significant capital receipt.

ALTERNATIVE OPTIONS CONSIDERED AND REJECTED

3. Retain the site. The site is not required for Council use.

DETAIL (Including consultation carried out)

4. The site was assembled in the late 1990s with the intention for a healthy living centre to be built on the site. Proposals came forward for a 4-14 storey scheme with a healthy living centre on the ground floor and 552 bed student accommodation above but ultimately this scheme did not come about due to the withdrawal of the proposed private and public sector partners. Following this, the site was marketed in 2007 and a developer selected for a high density residential scheme comprising some 270 flats with commercial on

ground floor but the sale did not complete due to the banking crisis and sudden property market downturn. The site has remained vacant and is allocated in the Local Plan Review under policy MSA 3, a mixed use allocation which includes other adjoining sites, for offices, hotel, residential, community uses and educational uses, a Healthy Living Centre and sports facilities.

5. Earlier this year, the University of Southampton published an OJEU notice inviting tenders for the provision of student accommodation. This stimulated enquiries as to the availability of the site and consequently the site was put on the market to encourage interest. It is understood that the University have now selected their preferred bidders and these do not include 60-64 St Marys Road. Nevertheless, interest remains in the site from developers not directly partnering with the University. Best and final offers have been requested from and received from interested parties. These offers are set out in the confidential appendix.
6. Approval is sought to delegate authority to the Head of Property and Procurement to negotiate with interested parties and agree the terms of sale. As part of the evaluation of these offers, relevant officers within the Council will be consulted including City Development and Planning Services.

RESOURCE IMPLICATIONS

Capital/Revenue

Capital

7. The sale of the site will realise a capital receipt that will be allocated to the General Fund. Part of the site was originally purchased using £300,000 from the SRB2 programme. Under the SRB2 financial rules, SEEDA (the government agency responsible for the SRB programme at the time) can clawback this money once the site is sold. In the event that this SRB2 funding is required to be repaid to SEEDA (or its successor body once it is closed down next year), this would have to be paid out of the capital receipt.
8. The capital receipt is currently assumed to be received in 2013/14. It would be expected that the receipt could now be received in 2012/13.

Revenue

9. The disposal of the site will result in the loss of £27,750 per annum revenue from the advertising hoardings rental income. 50 per cent of this is transferred to the West Itchen Community Trust. All associated revenue costs for the disposal of the land will be met within the Resources Portfolio Investment Property Account.

Property/Other

10. The site is surplus to council requirements. The sale allows the opportunity to realise a capital receipt and the promotion of the redevelopment of a prominent vacant site.

LEGAL IMPLICATIONS

Statutory power to undertake proposals in the report:

11. The relevant power of disposal is Section 123 of the Local Government Act 1972.

Other Legal Implications:

12. None.

POLICY FRAMEWORK IMPLICATIONS

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

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KEY DECISION? Yes

WARDS/COMMUNITIES AFFECTED:	Bargate
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SUPPORTING DOCUMENTATION

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

Appendices

1.	Plan V3176
2.	Confidential Appendix - offers

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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