

DECISION-MAKER:	CABINET
SUBJECT:	PROPERTY DISPOSAL PROGRAMME - APPROVAL TO DETAILED TERMS
DATE OF DECISION:	12 MARCH 2012
REPORT OF:	CABINET MEMBER FOR RESOURCES, LEISURE AND CULTURE

STATEMENT OF CONFIDENTIALITY

Confidential Appendix 3 to this report 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 a table showing the rental income and values of property which, if disclosed prior to entering into any contracts, could put the Council at a commercial disadvantage. In applying the public interest test it is not considered appropriate to publish this information as it could influence bids for a property which may be to the Council's financial detriment.

BRIEF SUMMARY

The report seeks approval to the disposal of The Shirley Centre and The David Lloyd Leisure Centre freehold investments at not less than the minimum prices set out in the confidential appendix, and to delegate powers to the Senior Manager, Property, Procurement and Contract Management, in consultation with the Cabinet Member for Resources Leisure and Culture, to approve detailed terms which exceed the stated minimum price. Approval is also sought to authorise the Head of Legal, HR and Democratic Services to advertise the proposed disposal of the David Lloyd Centre (held under the Public Health Acts) in accordance with Section 123 Local Government Act 1972.

RECOMMENDATIONS:

- (i) to approve the principle of the disposal of the Council's freehold investments at The Shirley Centre and The David Lloyd Leisure Centre;
- (ii) to delegate authority to the Senior Manager, Property, Procurement and Contract Management after consultation with the Director for Corporate Services and the Cabinet Member for Resources, Leisure and Culture to approve the sale to the preferred bidders at not less than the minimum prices set out in the confidential appendix, and to subsequently negotiate and carry out all ancillary matters to enable disposal of the sites;
- (iii) that the Head of Legal, HR and Democratic Services be authorised to enter into any legal documentation necessary in respect of the sales;
- (iv) to note that the estimated value of the capital receipt from these disposals had 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;

- (v) to authorise the Head of Legal, HR and Democratic Services to advertise the proposed disposal of the David Lloyd Centre (held under the Public Health Acts) in accordance with Section 123 Local Government Act 1972; and
- (vi) should any objections be received, to refer these objections to Cabinet for determination. If no objections are received, to authorise the freehold disposal of the David Lloyd Centre on the terms set out in this report without further referral to Cabinet.

REASONS FOR REPORT RECOMMENDATIONS

1. The delegated authority to the Senior Manager, Property, Procurement and Contract Management to approve land and property disposals is limited to £1,000,000 where this is in consultation with the Cabinet Member for Resources, Leisure and Culture. Both these disposals are each expected to realise in excess of £1,000,000 requiring cabinet approval to terms. This report is the vehicle to provide the necessary approvals.
2. Cabinet approval is required to authorise the Head of Legal, HR and Democratic Services to advertise the proposed disposal of the David Lloyd Centre (held under the Public Health Acts) in accordance with Section 123 Local Government Act.

ALTERNATIVE OPTIONS CONSIDERED AND REJECTED

3. Do nothing - the opportunity for significant capital receipts would be lost.

DETAIL (Including consultation carried out)

4. The properties included within this phase of the Disposal Programme are The Shirley Centre - Freehold Investment and the David Lloyd Leisure Centre - Freehold Investment.
5. Confidential appendix 3 sets out the proposed minimum prices expected to be realised for the disposal for each of the two properties including a disposal price, over and above which the Senior Manager, Property, Procurement and Contract Management in consultation with the Cabinet Member for Resources Leisure and Culture, shall be delegated powers to approve the transactions.
6. The Head of City Development has no objection to the disposal of these two properties

RESOURCE IMPLICATIONS

Capital/Revenue

7. The capital receipt to be received by Southampton City Council as detailed in confidential appendix 3 will be allocated to the general fund.
8. The disposal of The Shirley Centre and David Lloyd freeholds would result in a £386,000 loss of income per annum to the Resources Portfolio Investment Property Account. This amount is expected to increase to approx. £424,400 p.a. following receipt of outstanding audited statements from the tenant at Shirley. The ongoing loss of income will be built into future estimates for the Investment Property Account.

Property/Other

9. Initial approaches have been made to both tenants to ascertain their interest in the respective freeholds. Both sites are to be sold by private treaty, following marketing exercises that will demonstrate that the Council is receiving not less than the best consideration. Only unconditional offers will be considered.

LEGAL IMPLICATIONS

Statutory power to undertake proposals in the report:

10. The Shirley Centre is held under the Town and Country Planning Act 1990. Disposal may proceed under Section 233 Town and Country Planning Act 1990 so long as such disposal appears to be expedient to secure the best use of the land or construction work on it.
11. The David Lloyd Centre is located on land held under the Public Health Act 1875 and is therefore defined as public open space. Previously approval was obtained to grant a 60 year lease only. Consent is now required for a freehold disposal. The proposal must be advertised with any objections considered by the Council.
12. Provided the disposals are for best consideration then no separate consent for such disposals need be sought from the Secretary of State. Any offers for the sites above the minimum prices represent best consideration under Section 123 Local Government Act 1972.

Other Legal Implications:

13. None

POLICY FRAMEWORK IMPLICATIONS

14. The disposal of a Council property for capital receipt supports the Council's capital programme.

AUTHOR:	Name:	David Reece	Tel:	023 80832796
	E-mail:	david.reece@southampton.gov.uk		

KEY DECISION? Yes

WARDS/COMMUNITIES AFFECTED:	All wards
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SUPPORTING DOCUMENTATION

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

Appendices

1.	The Shirley Centre - Plan
2.	David Lloyd Leisure Centre - Plan
3.	Detailed terms (confidential)

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.	Yes/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)

1.	None	
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