

# Officer Decision Making

Thursday, 14th June, 2018  
at 10.00 am

## PLEASE NOTE TIME OF MEETING

Room 204, Civic Centre, Southampton

This meeting is not open to the public

### **Decision Maker**

Service Lead, Capital Assets

### **Contacts**

Democratic Support Officer

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## AGENDA

Agendas and papers are available via the Council's website

**1 SALE OF 2-16 EAST BARGATE, 30-33 HANOVER BUILDINGS AND ANCILLARY LAND (Pages 1 - 8)**

To consider the report of the Team Leader, Valuation and Estates Services seeking approval of the terms of sale of the Council's freehold interests in 2-16 East Bargate and 30-33 Hanover Buildings to Bargate Property Limited, the head leaseholder and owner of the former Bargate Shopping Centre.

Wednesday, 6 June 2018

Service Director, Legal and Governance

# Agenda Item 1

<b>DECISION-MAKER:</b>	SERVICE LEAD: CAPITAL ASSETS
<b>SUBJECT:</b>	SALE OF 2-16 EAST BARGATE, 30-33 HANOVER BUILDINGS AND ANCILLARY LAND
<b>DATE OF DECISION:</b>	14 JUNE 2018
<b>REPORT OF:</b>	TEAM LEADER – VALUATION AND ESTATES SERVICES

## CONTACT DETAILS

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<b>Director</b>	<b>Name:</b> Mike Harris	<b>Tel:</b> 023 8083 2882
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## STATEMENT OF CONFIDENTIALITY

None

## BRIEF SUMMARY

This reports seeks approval of the terms of sale of the Council's freehold interests in 2-16 East Bargate and 30-33 Hanover Buildings to Bargate Property Limited, the head leaseholder and owner of the former Bargate Shopping Centre. The sale is part of the site assembly required to facilitate the redevelopment of former Bargate Shopping Centre.

## RECOMMENDATIONS:

	(i)	To approve, following consultation with the Leader, in accordance with paragraph 20.2.c of the Office Scheme of delegation, the terms of the sale of 2-16 East Bargate and 30-33 Hanover Buildings to Bargate Property Limited on the terms set out in Appendix 2.
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## REASONS FOR REPORT RECOMMENDATIONS

1.	The former Bargate Shopping Centre and adjoining land is in need of redevelopment. It has been identified as a "Very Important Project" and is allocated for redevelopment in the City Centre Action Plan 2015. Planning Permission was granted for redevelopment of the site, including the subject properties, in August 2017 and Cabinet authorised the making of a Compulsory Purchase Order in relation to the redevelopment on 17 October 2017. The sale of the subject properties to the developer, Bargate Property Limited, is part of the site assembly needed for the redevelopment.
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## ALTERNATIVE OPTIONS CONSIDERED AND REJECTED

2.	If the Council did not sell its interests the comprehensive redevelopment of the former Bargate Shopping Centre could not be achieved.
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## DETAIL (Including consultation carried out)

3.	The subject properties comprise 7 shops with upper parts and small parcels of land. The shop properties are let under four long leases. 12-16 East Bargate is let on the basis of a fixed ground rent of £400 pa. The other leases (2-8 East Bargate including 30-31 Hanover Buildings, 10-11 East Bargate and
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	32-33 Hanover Buildings) are on a rental basis of 18 per cent of income receivable by the head leaseholder.
4.	The redevelopment of the former Bargate Shopping Centre sits within the “Heart of the City” and is one of the council’s “Very Important Projects”. The Bargate area is part of Southampton city centre’s main retail area It links the main shopping facilities together. The shopping centre is currently closed, vacant and in need of re-development. The site was allocated as a redevelopment site in the Southampton City Centre Area Action Plan 2015.
5.	The Bargate Shopping Centre was previously owned by Parkridge and the Council was working with them in respect of achieving its redevelopment. Parkridge went into administration on 24 August 2011. A number of developers had discussions with the Council and the administrators over the next few years and Bargate Property Ltd (“BPL”) acquired the property in Summer 2015.
6.	In August 2017 planning permission was granted for the demolition of the shopping centre and car park together with 77-101 Queensway; 25 East Street; 30-32 Hanover Buildings; 1-16 East Bargate; and 1-4 High Street and redevelopment comprising 152 flats, 185 units of student accommodation, retail use and flexible retail, office and food and drink use.
7.	BPL owns the majority of the land within the redevelopment site. In order to facilitate the site assembly the Council has agreed to sell the freehold interests of its registered title landholdings. It has also, in October 2017, authorised the making of a Compulsory Purchase Order in relation to the outstanding interests which BPL is not able to acquire through negotiation or is unable obtain vacant possession of through landlord and tenant powers.
8.	The terms for the sale of the Council’s property is set out in Appendix 2. The terms of the sale include provisions the inclusion of WC facilities within the new scheme.
<b>RESOURCE IMPLICATIONS</b>	
<b><u>Capital/Revenue</u></b>	
9.	The sale will generate a capital receipt to the General Fund of £720,000. This is below the estimated market value of the properties by £300,000 however the terms of sale include a provision that the developer has to include the public WC facilities within the development. Should they fail to do this the difference of £300,000 becomes due.
10.	Current income from the head leases, which would terminate on completion of the sale, is £44,446 per annum. This loss of income will create a budget pressure within the Investment Property portfolio however it is anticipated this loss of income will be able to be absorbed within existing budgets in the current financial year and it will be considered as a budget pressure during future budget setting processes.
<b><u>Property/Other</u></b>	
11.	The disposal is consistent with the Council’s property strategy.
<b>LEGAL IMPLICATIONS</b>	
<b><u>Statutory power to undertake proposals in the report:</u></b>	

12.	The powers of sale are Section 233 Town and Country Planning Act 1990. Best Consideration will be achieved if the sale price is realised.
<b>Other Legal Implications:</b>	
13.	None
<b>RISK MANAGEMENT IMPLICATIONS</b>	
14.	Specific risks are identified in the Resources and Legal Implications sections above.
<b>POLICY FRAMEWORK IMPLICATIONS</b>	
15.	The proposals contained in the report are in accordance with the Council's Policy Framework Plans. The planning permission for the proposed Development accords with the Council's Development Plan. Accordingly, delivery of the Development will contribute to the outcomes set out in the Council's Strategy (2016-2020) by bringing investment into the City and providing new homes and jobs.

<b>KEY DECISION?</b>	<b>Yes</b>
<b>WARDS/COMMUNITIES AFFECTED:</b>	Bargate ward
<u>SUPPORTING DOCUMENTATION</u>	
<b>Appendices</b>	
1.	Site plan
2.	Heads of Terms

#### Documents In Members' Rooms

1.	
2.	

#### Equality Impact Assessment

<b>Do the implications/subject of the report require an Equality and Safety Impact Assessment (ESIA) to be carried out.</b>	<b>No</b>
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#### Data Protection Impact Assessment

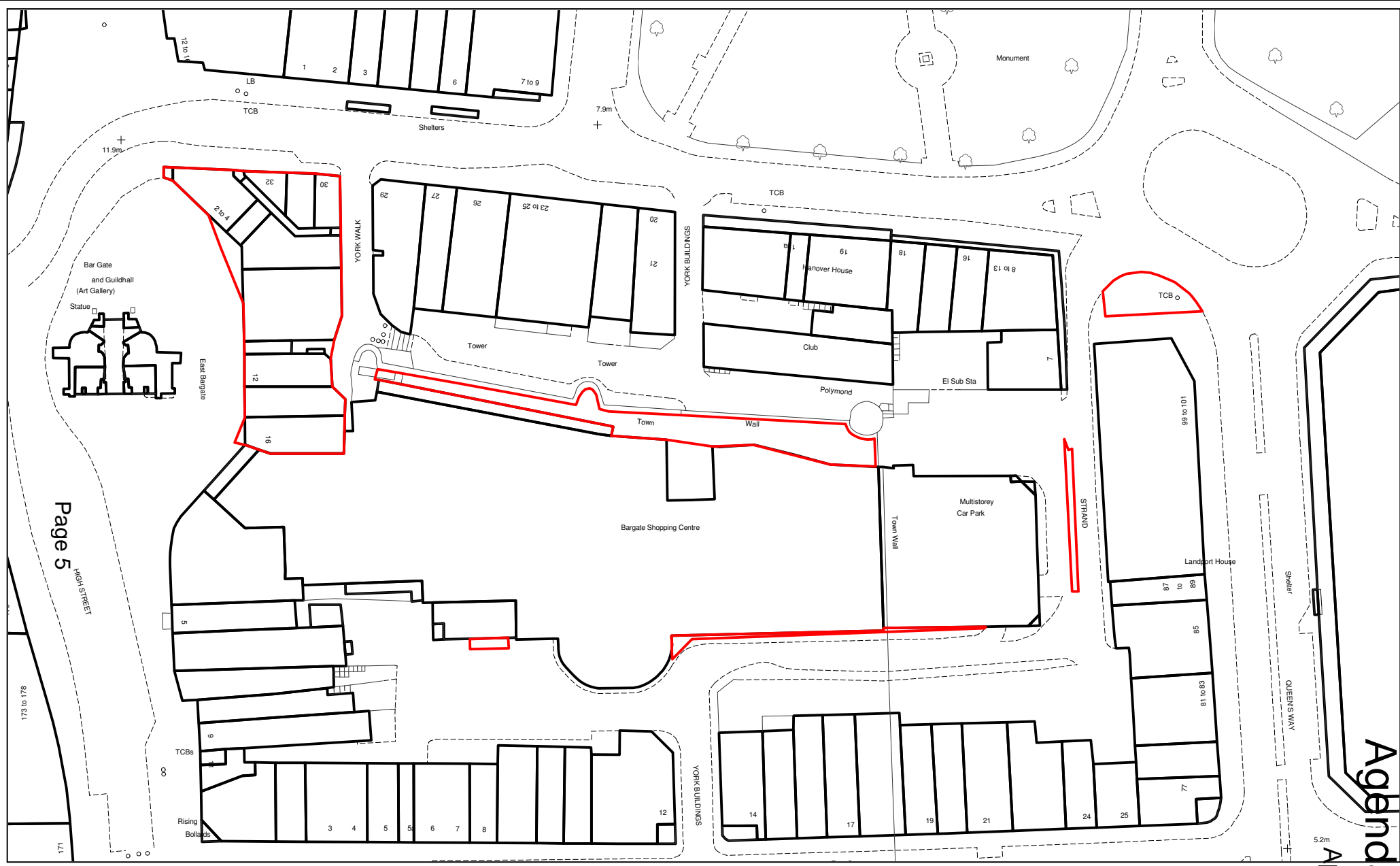
<b>Do the implications/subject of the report require a Data Protection Impact Assessment (DPIA) to be carried out.</b>	<b>No</b>
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#### Other Background Documents

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.	
2.	





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<b>CAPITAL ASSETS</b> 3rd Floor, One Guildhall Square, Above Bar Street, Southampton. SO14 7FP		SCALE 1:1000	DATE 20/04/2018
Plan No V7420	2-16 East Bargate amd 30-33 Hanover Buildings and ancillary land		

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### Appendix 2 – Heads of Terms

Purchaser: Bargate Property Limited

Properties	Tenancies
2-8 East Bargate & 30-31 Hanover Buildings	Lease dated 30 March 1990 125 years from 24 June 1990 Rent geared to 18 per cent of income receivable Current rent: £16,200 pa
10-11 East Bargate	Lease dated 6 Sept 1990 125 years from 6 Sept 1990 Rent geared to 18 per cent of income receivable Current rent: £22,050 pa
12-16 East Bargate	Lease dated 22 July 1935 99 years from 25 December 1934 Fixed rent £400 pa
32-33 Hanover Buildings	Lease dated 30 March 1990 125 years from 24 June 1990 Rent geared to 18 per cent of income receivable Current rent: £5,796 pa
Other ancillary land as shown on Plan V7420	n/a

Purchase Price: £772,000

Notional Market Value: £1,072,000

The sale is not at less than best consideration. The buyer is to provide public toilets or pay £300,000 in lieu.

Purchase Conditions:

The Buyer will provide WC facilities within the Bargate Quarter scheme in accordance with the following specification:-

- (1) The provision to provide both separate male and female facilities.
- (2) The female facilities will include 6 WC's with commensurate hand washing / drying facilities.
- (3) The male facilities shall include 3 WC's plus 3 urinals with commensurate hand washing / drying facilities.
- (4) The facilities will also provide appropriate DDA and baby change provision, the changing facilities providing approximately 12 sq m to be finished to the standard similar to those found within The Quays swimming and diving complex and the West Quay Shopping Centre, i.e. with ceiling track and hoist, full size changing bed, height adjustable sink, toilet with space for carers either side.

(5)

The Buyer, in managing the facility, will be permitted to raise an appropriate charge for users of the facilities.

If the toilets are not provided by 1 April 2020 or are subsequently closed without agreement within 10 years of opening, a payment of £300,000 is to be made to the Council.