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**Land and Asset Management Committee**

**15 September 2016**

**Proposed Freehold Disposal Former Hateley Heath Training Centre,  
64-66 Clarkes Lane, West Bromwich (Key Decision Ref. No. LAM025)**

**1. Summary Statement**

- 1.1 The purpose of this report is to seek authority for the disposal of the freehold reversionary interest in the former Hateley Heath Training Centre, 64-66 Clarkes Lane, West Bromwich to the current tenant XXXXX.
- 1.2 64-66 Clarkes Lane is a single storey building formerly utilised by the Council as a training centre but let to XXXXX XXXXX (XXXXXXXXXX) on XXXXXXXXXXXXX for use a day nursery. The current lease is for a term of XXXXXXXX from XXXXXXXXXXXXX at a rental of £XXXXXXX per annum. A rent review is due in the XXXXX of the term.
- 1.3 Earlier this year XXXXX XXXXX submitted a request to acquire the freehold interest in the premises so as to improve and subsequently invest monies into the property.
- 1.4 The property forms part of the Council's commercial estate and in the circumstances the request to buy has been considered in accordance with the Council's Tenanted Non Residential Property (TNRP) strategy approved by the Asset Management Land Disposal Cabinet Committee at its meeting on 29<sup>th</sup> October 2014 (Minute No. 27/14) refers.
- 1.5 The request meets the criteria for disposal and additionally is not in a town centre location.

- 1.6 The Council's externally appointed Agents who have been appointed to specifically deal with disposals under the TNRP strategy have conducted informal negotiations with XXXX XXXXXX and a provisionally agreed, subject to member approval, a sale price of £XXXXXXX for the Council's interest.
- 1.7 In the circumstances it is recommended that the Council disposes of its freehold reversionary interest to the lessee and additionally to absolve the council of any future maintenance liabilities, it is further recommended that any small area of land not forming part of the lease demise but deemed appropriate for inclusion in the sale also be sold. In the event that the disposal does not progress in accordance with required deadlines, or terms are not agreed, it is further recommended that the site be offered to the open market subject to the lease.

Further details are attached for your information

## 2. Recommendations

To recommend to Cabinet at its meeting on 19 October 2016:-

- 2.1 That, subject to settlement of any outstanding Estate Management issue(s), the Director - Governance be authorised to dispose of the freehold reversionary interest in 64-66 Clarkes Lane, West Bromwich, shown, for identification purposes only, edged black on the attached plan to the existing lessee XXXXXX XXXXXX (XXXXXXXXXXXXXXXX) together with any small area of adjoining land deemed appropriate for inclusion in the sale and otherwise on terms and conditions to be agreed by the Director - Regeneration and Economy.
- 2.2 That, in the event that XXXXXX XXXXXX does not wish to proceed and/or terms and conditions of sale cannot be agreed within prescribed deadlines the Director - Governance be authorised to dispose of the freehold interest on the open market subject to the lease on terms and conditions to be agreed by the Director - Regeneration and Economy;
- 2.3 That the Director Governance be authorised to enter into or execute under seal, if necessary, any other related documentation in connection with the disposal of the land referred to in 2.1 and 2.2 above on terms and conditions to be agreed by the Director Regeneration and Economy.
- 2.4 That following completion of the sale referred to in 2.1 and/or 2.2 the Section 151 Officer, in consultation with the Director Regeneration and Economy, make arrangements for target budget adjustments

Nick Bubalo

**Director-Regeneration and Economy**

## **Contact Officer**

Stefan Hemming/Kerry Jones  
569 3917 and 3954

### **3. Strategic Resource Implications**

- 3.1 Disposal of the property, valued and negotiated by the Council's appointed agent Cushman and Wakefield, to the existing tenant will achieve a capital receipt of £XXXXXX.
- 3.2 Sale of the freehold will, however, result in a potential loss of the current rent charged in the region of £XXXXX per annum which will create a budget pressure within Regeneration and Economy. If the sale is completed by the end of the financial year there will be no significant impact on the 2016/17 budget but in 2016/17 this will result in a loss income. Requests for target budget adjustments will be made once the capital receipt and actual disposal has been achieved.
- 3.3 There will be no effect upon expenditure budgets as the lease is on a full repairing basis with no day to day management and/or repair and maintenance implications for the Council.

### **4. Legal and Statutory Implications**

- 4.1 This report highlights the opportunity for the Council to realise significant capital receipt. The proposal outlined in this report is in accordance with the Council's existing TNRP Strategy also in line with the provisions of Section 123 of the Local Government Act, 1972 ie at best consideration. The receipt from the sale will be available to fund future capital expenditure in line with corporate priorities.
- 4.2 As with previous disposals under the TNRP Strategy, clauses may be inserted in the sale contract, if appropriate, to cover current and future use and redevelopment including regularisation of access rights and maintenance liabilities where applicable.

### **5. Implications for Score Card Priorities**

- 5.1 Great Place  
Currently a number of companies lease land where the freehold is owned by the Council. The companies, once they have acquired the freehold will be able to generate significant financial resources to reinvest in the physical fabric and hence improve the environment for all.

### Great People

This proposed sale of the freehold will permit the company the opportunity to secure the long term future by investing and hence creating job opportunities for local people.

### Great Performance

This proposal will generate resources for the Council that can be reinvested in the economy to deliver further regeneration schemes.

## 6 **Background Details**

- 6.1 The sale of land and premises leased as part of the Council's commercial estate is an approved strategy.
- 6.2 Negotiations have been undertaken by the Council's appointed external agent Cushman and Wakefield and all terms and conditions are subject to contract.