

**BROMSGROVE DISTRICT COUNCIL**

**CABINET**

**5<sup>th</sup> OCTOBER 2011**

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**SALE OF FREEHOLD : 76 - 88 SHERWOOD ROAD**

Relevant Portfolio Holder	Roger Hollingworth
Portfolio Holder Consulted	Yes
Relevant Head of Service	Jayne Pickering ( Exec Director)
Wards Affected	<b>All</b>
Ward Councillor Consulted	None specific

**1. SUMMARY OF PROPOSALS**

- 1.1 To ask Members to consider and approve the proposed sale of the freehold of land at 76 - 88 Sherwood Road, Bromsgrove as an urgent decision.

**2. RECOMMENDATIONS**

- 2.1 **That Cabinet considers the proposal and approves the sale of the freehold interest in 76 - 88 Sherwood Road Bromsgrove and that the sale be carried out by auction to enable to Council to achieve best market value.**
- 2.2 **Cabinet approve that in view of the urgency of the matter that the decision be not subject to the Councils call in procedure.**

**3. KEY ISSUES**

**Financial Implications**

- 3.1 In June 2009 members agreed to enter into a long lease over the above mentioned site with a third party supermarket chain. Members will recall that the Council benefitted from a £400k premium in relation to the lease assignment, together with an annual ground rent of £25k and that the freehold interest in the property was retained by the Council.
- 3.2 Members were advised in the original report that the freehold interest would be considered for sale in the future and the value of the freehold interest has been estimated between £500k - £600k which would represent a significant capital receipt for projects within the community.
- 3.3 Members are asked to consider the sale of the freehold reversion of the site to a third party purchaser at auction to ensure that the Council achieved the best possible price in the current market.

- 3.4 In agreeing to the sale members are advised that the loss of future revenue income would be included in the unavoidable pressures for 2012/13.

**Legal Implications**

- 3.5 The Council has a responsibility under the Local Government Act 1972 s123 to obtain the best consideration for the disposal of land. Officers have received professional valuation advice from Worcestershire County Council colleagues and as a result it is proposed that the sale at auction would enable the best value to be achieved.
- 3.6 In accordance with paragraph 15 in part 7 of the Councils Constitution it will be necessary for the call in procedure to be excluded for the reasons set out below.

**Service / Operational Implications**

- 3.5 Following a review of the Councils Investment Portfolio in 2009 a planned programme of disposal has been undertaken in relation to the properties owned by the Authority on Sherwood Road, Aston Fields .
- 3.6 The site at Sherwood Road is currently occupied by a supermarket under a 175 year lease which was granted in August 2010. The Council has retained the freehold ownership of this site during the recent changes in lease assignment and use of site.
- 3.7 County Council valuation officers, as part of the assets management function that they perform for the Council under contract, have advised that the disposal of the freehold would generate a significant receipt to the Council whilst releasing our responsibility in relation to supporting investments that do not meet the Councils priorities.
- 3.8 It is proposed that the site is marketed through auction to enable a transparent process and deliver the best receipt to the Council.
- 3.9 Members are advised that an initial marketing exercise has revealed that there is considerable interest in this site and in order for the Council to maximise the value of the sale it is felt prudent to ensure that the site is marketed at the next available auction.
- 3.10 In order for this to be achieved it is necessary for the Cabinet to make an urgent decision which will require the call in process to be excluded.

**Customer / Equalities and Diversity Implications**

3.6 None as a direct result of this report.

**4. RISK MANAGEMENT**

4.1 The main risk associated with the disposal of the freehold is the potential risk of not achieving the value anticipated. Officers will include an appropriate reserve to ensure the Council maximises its receipts.

**5. APPENDICES**

None

**AUTHOR OF REPORT**

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