

Key Decision Required:	Yes	In the Forward Plan:	Yes
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## CABINET

### REPORT OF THE ASSET MANAGEMENT AND CORPORATE SERVICES PORTFOLIO HOLDER

20 NOVEMBER 2015

#### **A.3 FREEHOLD DISPOSAL OF 34 ELECTRICITY SUB-STATION SITES ACROSS THE DISTRICT**

(Report prepared by Jennie Weavers)

#### **PART 1 – KEY INFORMATION**

##### **PURPOSE OF THE REPORT**

To seek Cabinet's approval for the freehold disposal of 34 Electricity Sub-Station Sites across the District.

##### **EXECUTIVE SUMMARY**

The Council owns the freehold of 34 substation sites of various sizes within the District. These are leased to Eastern Power Networks (EPN) for use as sub-station sites. The leases vary considerably and the cost and time involved in the administration of them is disproportionate in relation to the rents received.

Eastern Power Networks have offered to purchase the freehold of the sites for a capital sum. In the interests of progressing with the transaction in line with the offer received the Asset Management Portfolio Holder has requested that Cabinet considers the principle of the disposal without the prior initiation of the disposals process.

##### **RECOMMENDATIONS**

**That Cabinet authorises the freehold disposal, in principle, subject to its decision on terms set out in the report in Part B of this agenda.**

#### **PART 2 – IMPLICATIONS OF THE DECISION**

##### **DELIVERING PRIORITIES**

The sites are unlikely to be useful for any alternative use and disposal will release resources to contribute to the Council's priorities.

##### **FINANCE, OTHER RESOURCES AND RISK**

###### **Finance and other resources**

The freehold disposal will result in a capital receipt for the Council. Details of this are contained in Part B of this agenda.

###### **Risk**

The sub-station sites are wholly the responsibility of EPN and cannot be used by the Council. Accordingly there is little risk associated with either retaining or disposing of the

freeholds.

## **LEGAL**

Section 123(1) Local Government Act 1972 indicates that, a local authority may dispose of land held by it in any way it wishes so long as the land is disposed for a consideration not less than the best that can reasonably be obtained.

In this case the tenant is a potential special purchaser. No formal marketing has been carried out but the offer is strong in relation to the valuation received and as such officers consider it to be the Best Consideration Reasonably Obtainable.

In coming to decisions in relation to management of assets, the Council must act in accordance with its statutory duties and responsibilities. Under Section 120 of Local Government Act 1972, the Council is obliged to ensure that the management of its assets are for the benefit of the district.

The Council's normal processes include an early decision to initiate the disposals process before inviting bids and other actions. In this case EPN have made an attractive offer initially and it is proposed that Cabinet considers the principle of disposal without the prior initiation of the process.

## **OTHER IMPLICATIONS**

**Consideration has been given to the implications of the proposed decision in respect of Crime and Disorder, Equality and Diversity, Health Inequalities, Consultation/Public Engagement and Wards; and any significant issues are set out below.**

None

### **Ward**

District-wide

## **PART 3 – SUPPORTING INFORMATION**

### **BACKGROUND**

- The Council owns the freehold of all 34 sites which are of various sizes and locations within the District. These are all leased to EPN as sub-station sites. All of the equipment and repairing responsibilities belong to EPN
- The Leases vary considerably, both in length, rental and terms ranging from 21 years with a rental of £100 per annum and rent reviews every three years to a 99 year lease with a rental of £4 per annum and no rent reviews. The administration involved with the leases is not proportionate to the income received.
- The Assets Team contacted EPN proposing that for ease of administration for both parties it would be preferable to have one block lease for all the sites or for EPN to purchase all the sites from the Council. EPN have requested the latter option.
- The sites are subject to secure business leases and encumbered with utility installations. Accordingly the Council would not be able to utilise them for any other purpose.

**CURRENT POSITION**

- EPN have submitted a formal offer for the freehold of all 34 sites.
- An open market rental valuation has been obtained in respect of the sites.
- The financial details are contained in Part B of this agenda.

**FURTHER HEADINGS RELEVANT TO THE REPORT**

None

**BACKGROUND PAPERS FOR THE DECISION**

None

**APPENDICES**

None