

12 November 2012**Agenda Item: 8(b)****REPORT OF SERVICE DIRECTOR - TRANSPORT, PROPERTY &
ENVIRONMENT****DISPOSAL – ADVANCE FACTORY NO 1, KINGS MILL WAY,
MANSFIELD****Purpose of the Report**

1. To seek approval of the Finance & Property Committee to:
 - a) The sale by auction of Advance Factory No 1, Kings Mill Way, Mansfield as set out in the report; and
 - b) The appointing of Savills as auctioneer; and
 - c) The reserve price being approved by the Service Director, Transport, Property & Environment, in consultation the Chair (or Vice Chair in his absence) of the Finance and Property Committee in consultation with the agent prior to the auction.

Information and Advice

2. Some information relating to this report is not for publication by virtue of paragraph 3 of Schedule 12A of the Local Government Act 1972. Having regard to the circumstances, on balance the public interest in disclosing the information does not outweigh the reason for exemption because divulging the information would significantly damage the Council's commercial position. The exempt information is set out in the exempt appendix.
 - a. The Site comprises a rectangular block of industrial units, built in 1980, which have been split into two factories and set within a secure site of approximately 0.915 acres (0.37 ha). Total gross internal floor area is 17,245 sq ft.
 - b. The Site is held under a 99 year lease from Mansfield District Council with effect from 25 December 1980. Under the terms of this lease, the County Council provides Mansfield District Council with 10.6% of any rental income. However, both factories are vacant and due to their age and specification are no longer attractive to the rental market.
 - c. The County Council has no strategic requirements for the Site and approval is therefore sought to dispose in order to produce a capital receipt. As a consequence, negotiations have been ongoing with Mansfield District Council's to obtain their required consent as landlord to the disposal of the

County Council's leasehold interest. During these negotiations Mansfield District Council have sought approval to disposing of their freehold interest in this site and terms have been provisionally agreed on the basis of a joint disposal with a 85/15% split of the capital receipt in favour of the County Council.

- d. The disposal of this Site was referred to within the Finance and Property Committee report dated 9 July 2012.
- e. The Site to be disposed of is shown coloured green outlined on the attached plan.
- f. Disposal by auction is considered to be the most appropriate method of sale. Approval is therefore sought to appoint Savills who are a well established, experienced and respected auctioneer and are considered to be the most appropriate to maximize the sale value of the site. A reserve however will be agreed in consultation with the agent prior to the auction once interest has been gauged (see exempt index).
- g. Purchasers are to be made aware a 2% buyer's premium will be charged plus auctioneers costs will be collected on completion. This should cover the auctioneer's fee and the County Council's legal expenses.

Other Options Considered

- 3. Consideration has been given to sell by private treaty - it is considered that sale by auction with a longer than normal marketing time to auction date will produce greater interest and a higher capital receipt. A sale by private treaty would also take considerable time delaying the capital receipt whilst the County Council would also incur costs for maintenance, insurance and security whilst the Site remains vacant.

Reason/s for Recommendation/s

- 4. The County Council has no strategic requirement for the Site.

Statutory and Policy Implications

- 5. This report has been compiled after consideration of implications in respect of finance, equal opportunities, human resources, crime and disorder, human rights, the safeguarding of children, sustainability and the environment and those using the service and where such implications are material they are described below. Appropriate consultation has been undertaken and advice sought on these issues as required.

RECOMMENDATION/S

- 1. That approval is given to: -
 - a) The joint disposal by auction alongside Mansfield District Council of Advance Factory No 1, Kings Mill Way, Mansfield, with a 85/15% split of

- the capital receipt in favour of the County Council;
- b) Appoint Savills as auctioneers;
 - c) The grant of authority for the Service Director, Transport, Property & Environment, in consultation the Chair (or Vice Chair in his absence) of the Finance and Property Committee also in consultation with the auctioneers shortly prior to the auction date, to set the reserve price.

Jas Hundal
Service Director - Transport, Property & Environment

For any enquiries about this report please contact: Brian Hoyle 0115 9772479

Constitutional Comments (CEH 18.10.12)

6. When disposing of land or interests in land, the Council is required to obtain the best price reasonably obtainable on the open market. The Finance and Property Committee has the delegated authority to consider and approve the recommendations set out in the report. The contract and conditions of sale will need to be jointly agreed by the Group Manager, Legal and Democratic Services with Mansfield District Council as this is a joint disposal.

Financial Comments (CS 17/10/12)

7. As stated in the report, the County Council would receive an 85% share of the capital receipt and this would be used to help fund the Capital Programme. The auctioneers costs etc would be funded by the purchasers.

When the disposal takes place, a permanent revenue budget adjustment of £67,000 would be required to compensate for the net loss of budgeted income.

Background Papers

8. None.

Electoral Division(s) and Member(s) Affected

9. Ward(s): Mansfield South, Mansfield South
Member(s): Cllr Chris Winterton, Cllr Stephen Garner,

File ref.: /BH/SL/0
SP: 2318

Properties affected: 07522 - Units 2/3 - Mansfield Advance Factory 1, 07755 - Units 1/4 - Mansfield Advance Factory 1