

To: City Executive Board

Date: 3 July 2014

Report of: Regeneration and Major Projects Service Manager

Title of Report: Disposal of Sub Station Sites

Summary and Recommendations

Purpose of report: To seek approval to the disposal of the freehold interest in 83 sub station sites to Scottish and Southern Energy PLC

Key Decision? Yes

Executive lead member: Councillor Ed Turner, Executive Member for Finance, Asset Management and Public Health

Policy Framework: Corporate Plan

Recommendations:

1. To approve the disposal of the freehold interest in 83 sub station sites on the terms set out in the Not for Publication Confidential Appendix 3 of this report. The detailed provisions of the sale are to be approved by the Executive Director, City Regeneration.
2. Grant authority to the Executive Director, City Regeneration, in consultation with the Board Member, to vary or extend the sub station sites to be included in the transaction provided the transaction continues to represent best consideration.

Appendices to report:

Appendix 1 – Schedule of Properties

Appendix 2 - Risk Register

Appendix 3 - Not for publication confidential appendix

Background

1. The Council currently owns the freehold interest in some 92 sub station sites across Oxford with the properties currently leased to Scottish and Southern Energy PLC (SSE) on a variety of lease terms with approximately 50% expiring between 2042 and 2045.
2. The income stream is low (currently approximately £14,000 per annum) and administration and management of the portfolio is time consuming and burdensome given the property management, rent negotiations and collection and accounting etc involved.
3. As the properties are largely of non-strategic importance and are poorly performing it is appropriate and in accordance with the principles outlined in the Asset Management Plan to consider disposal.
4. SSE approached the Council with a proposal to acquire the freehold interests in the sub-station sites and following negotiations, terms have been agreed for a private treaty sale of 83 of the 92 sites. (see 1.6 below) A property schedule is contained in **Appendix 1**.
5. The terms of the transaction are as per the Not for Publication Confidential Appendix 3 to this report and the Council enters into these arrangements on the basis that the price agreed represents best value and good consideration for the portfolio given its low current income stream to the Council. In this way officers consider that the Council has met its obligations under s123 Local Government Act 1972.
6. The sites comprise small areas of land mainly within the Council's housing estates and have limited alternative development or other potential and disposal will not interfere or restrict the Council's ability to redevelop or re-configure the housing estates at some future date.
7. A small number of sites (9) will be retained by the Council with leases to SSE in view of their strategic/ future development impacts.
8. The disposal will be on the basis of a restriction on SSE to use the sites as sub-stations only.
9. Carter Jonas, a firm of external Property Consultants provided valuation advice to support the negotiation process and confirmation that the price represents best consideration in accordance with S123 of the Local Government Act 1972

Planning Implications

10. There are no planning implications. The sites are to continue in their existing use

Risk Implications

11. A risk assessment has been undertaken and the risk register is attached as Appendix 2.

Sustainability and Climate Change Implications

12. None

Equalities Implications

13. No implications arising

Financial Implications

14. Capital proceeds and reduction of rental income as per the Not for Publication Confidential Appendix 3

Legal Implications

15. The power to dispose of land is contained within Section 123 of the Local Government Act 1972 for best consideration

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List of background papers: none

APPENDIX – 1 Property Schedule

OXFORD CITY COUNCIL

Purchase of Electricity Sub-Stations by SSE

Freehold Title	SWRPS	Leasehold Title	Substation Name
ON292785	16500	ON23734	Barton Road
ON292424	11851	ON19590	Barton Village Road
ON8255	16515	Unknown	Bonar Road
ON7938	16516	Unknown	Boundary Brook Road
ON288392	16517	ON285377	Brambling Way, Blackbird Leys
ON6635	16521	ON286607	Bridge Street Osney
ON41398	13366	ON65342	Calves Close
ON294113	14043	ON206800	Chapel Lane
Not registered	16548	Unknown	City Motors
ON291697	16554	ON15724	Comfrey Road
ON98105	00222/00223	ON95555	Cowley Local
ON4652	16567	ON13247	Cowley Police HQ
ON292324	11855	ON291837	Cranley Road
ON26149	16572	ON10844	Croft Road
ON273760	16576	Unknown	Danvers Road
ON288470	16579	Unknown	Devereaux Place
ON25237	16580	ON83894	Diamond Cottages
ON291439	16583	ON22644	Druce Way
ON21950	16589	ON49090	Edmund Road
ON289378	16592	ON286605	Evenlode Tower
ON15882	16595	ON9668	Express Distribution

ON292424	11856	ON12422	Fettiplace
ON291082	16599	ON15358	Field Avenue
ON288470	16600	Unknown	Fiennes Road
ON7938	16607	Unknown	George Moore Close
ON288474	16608	ON285595	Giles Road, Littlemore
ON26151	16610	Unknown	Girdlestone Road
ON13814	16612	ON285320	Gladstone Road, Headington
ON15882	16620	ON9669	H&M Transport
ON24996	16902	ON294864	Harbord Road 38
ON291124	16624	ON286604	Harebell Road
ON26045	16633	ON23941	Hawthorn Avenue
ON285314	16645	ON285314	Holley Crescent
ON292075	16898	ON288706	Hollow Way 114
ON292328	30706	ON28690	Horspath Road Sports Pavillion
ON15401	16664	Unknown	Kersington Crescent
ON21862	16674	Unknown	Leiden Road
ON79306	16679	ON300018	Littlegate Street
ON15401	16682	ON286659	Lockheart Crescent
ON8255	16686	Unknown	Long Close
ON23546	16688	ON105817	Long Ford Close
ON288495	16696	ON16645	Mallard Close
ON4725	16701	ON10719	Marlborough Road
ON299771	16703	ON286514	Marsh Road
ON26149	16704	ON206896	Marston Road
ON292700	16705	ON42520	Mather Road
ON292135	16707	ON11339	Meadow Lane
ON1046	16728	ON258053	Normandy Crescent
ON89763	16736	Unknown	Nye Bevan Close
ON289937	16751	ON24602	Overmead Green
ON294008	14973	Unknown	Parkway
ON26151	16757	ON32350	Peat Moors
ON291031	16759	ON15725	Pegasus Road

ON24996	16760	ON23910	Pennywell Drive
ON291697	16763	ON15721	Pine Close
ON79307	16767	ON10920	Preachers Lane
ON9714	16769	Unknown	Priory Road
ON273760	16786		Rivermead Road
ON12743	16787	ON14562	Ro Corps
ON298747	319	ON285319	Rose Hill
ON9714	16801	ON23627	Saint Nicholas Road
ON4725	16804	ON45058	Salter Close
ON295322	16724	ON5196	Sandy Lane No 20
ON291401	16806	ON5195	Sawpit Road
ON291124	16818	ON15722	Sorrell Road
ON288830	16825	ON15740	Spindlebury Close
ON7936	533	ON19731	St Ebbes
ON291789	16835	Unknown	Stainfield Road
ON291789	16838	ON217614	Stockleys Road
ON289378	16841	ON15367	Strawberry Path
ON292424	11865	ON31405	Taggs Gate/Barton Community Centre
ON292390	16844	ON286654	Tawney Street
ON24996	16846	ON236984	Templar Road
ON273760	16851	Unknown	Thames View Road
ON26151	16857	ON26151	The Slade
Not Registered (?ON26151)	16860	ON285586	Town Furze (Warren Crescent)
ON292390	289	ON285854	Union Street, Cowley

ON16015	16870	ON24041	Venables Close
ON291401	16874	ON22643	Warburgh Crescent
ON292700	11868	ON286504	Wilcote Road
ON288626	16888	ON286602	Windrush Tower
ON8255	16891	ON8255	Wood Farm Road
ON292839	3637	ON290903	Yarnells Hill Top

Appendix 2 - Report Risk Register – Disposal of Sub-Station sites

No.	Risk Description	Gross Risk		Cause of Risk	Mitigation	Current Risk		Further Management of Risk: Transfer/Accept/Reduce/Avoid	Monitoring Effectiveness	Residual Risk		
Risk Score	Impact Score: 1 = Insignificant; 2 = Minor; 3 = Moderate; 4 = Major; 5 = Catastrophic						Probability Score: 1 = Rare; 2 = Unlikely; 3 = Possible; 4 = Likely; 5 = Almost Certain					
		I	P			I	P			I	P	
1	Best consideration Not achieved	4	3	Lack of market knowledge and values	External specialist consultants utilised to provide valuation and market advice	3	2	Restriction on use to Sub station only		2	1	
2	Future development restricted due to sale	3	3	Loss of ownership of property may interfere or restrict future development or works to adjoining land and properties	Full review of each site undertaken considering implications for future development and sites excluded from sale where there is considered to be potential impact	2	2	Lift and shift provisions included in documentation		2	2	
3	The sale does not proceed to completion	4	3	Purchaser decides not to proceed	Complete transaction as quickly as possible and work as closely as possible with the purchaser to identify issues early to enable resolution	4	2			4	2	

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