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A separate report is submitted in the private part of the agenda in respect of this item as it contains details of financial information required to be kept private in accordance with Schedule 12A of the Local Government Act 1972. The grounds for privacy are that it refers to the identity, financial and business affairs of an organisation and the amount of expenditure proposed to be incurred by the Council under a particular contract for the supply of goods or services

Cabinet Member for Jobs & Regeneration

31 August 2016

**Name of Cabinet Member:**

Cabinet Member for Jobs & Regeneration- Councillor J O'Boyle

**Director Approving Submission of the report:**

Executive Director of Place

**Ward(s) affected:**

N/A. The property is located outside the Coventry boundary

**Title:**

Freehold Sale - 14 The Row, Baginton

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**Is this a key decision?**

No

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**Executive Summary:**

This report seeks approval to the sale of the Council's freehold interest in 14 The Row, Baginton.

The property forms one part of a row of 14 residential properties situated on The Row in Baginton, which are held on a long lease by Orbit Group Limited (formally Orbit Housing) ("Orbit") from 1979 at a peppercorn rent without review. The lease expires in 2078.

The house is currently vacant and Orbit propose to sell 14 The Row in the open market and have agreed to pay the Council a capital sum now for its freehold interest. When the house is sold by Orbit the Council will receive a share of the sale price less the initial consideration.

Orbit recycle the proceeds of any properties that are sold and the surplus from this sale will contribute to the reserve funds for current and future social housing developments.

**Recommendations:**

The Cabinet Member for Jobs and Regeneration is recommended to:

1. Approve the disposal of the Council's freehold interest in 14 The Row, Baginton in the terms detailed in the private report relating to this item on the agenda
2. Delegate authority to the Executive Director of Resources to complete the freehold sale of 14 The Row, collect the agreed initial consideration and document the agreed claw back provision to be triggered on the sale of the house by Orbit.

**List of Appendices included:**

Plan

**Other useful background papers:**

None

**Has it been or will it be considered by Scrutiny?**

*No*

**Has it been or will it be considered by any other Council Committee, Advisory Panel or other body?**

*No*

**Will this report go to Council?**

*No*

**1. Context (or background)**

- 1.1 14 The Row Baginton (“the property”) forms one part of a row of 14 residential properties situated at The Row in Baginton. The Council leased the site in 1979 by way of a 99 year lease to a housing association and Orbit Group Limited are the current lessees.
- 1.2 No 14 The Row is currently unoccupied and in need of refurbishment and Orbit propose to sell the property in the open market. Orbit has approached the Council to purchase the freehold interest of this single property and have offered the following terms;
- An initial premium payable upon the completion of the freehold sale, and;
  - A share of the sale price achieved by Orbit on the sale of the property less the initial consideration.
- 1.3 Orbit have confirmed that the proceeds from all properties that are sold with Social House Grant funding are recycled in line with the Homes & Community Agency Capital Funding Guide accounting regulations. The surplus from this sale will contribute to the reserve funds for current and future social housing developments. Orbit consulted with all local authorities about their void sales scheme in 2015 and has an objective of providing 1200 new homes by 2020. Without self investment Orbit cannot fund the build programme.

**2. Options considered and recommended proposal**

- 2.1 The recommended option is to agree to the freehold sale otherwise the Council would not receive the initial premium payment now or a share of the sale proceeds when the property is sold.
- 2.2 It is recommended that the Council accept the offer of a premium now and dispose of the freehold interest in 14 The Row to the Orbit Group Limited subject to the legal documentation allowing for the Council to receive the agreed share of the sale price achieved by Orbit when they sell the property.

**3. Results of consultation undertaken**

- 3.1 None

**4. Timetable for implementing this decision**

- 4.1 Providing that Cabinet Member approval is secured it is expected that this receipt will be received within this financial year.

**5. Comments from Executive Director of Resources**

- 5.1 Financial implications

This decision, if approved, will generate a capital receipt, which will contribute to the Council’s planned programme of capital disposals. The disposal programme, in line with Corporate Policy supports the Medium Term Financial Strategy.

- 5.2 Legal implications

The share of the sale price represents best value reasonably obtainable by the Council. This meets the Council's obligations to obtain best value under the requirements of section 123 of the Local Government Act 1972.

Officers within legal service will complete the freehold disposal of the part that comprises 14 The Row, collect the agreed initial consideration and document the claw back provisions, which will be triggered on the sale of the house by Orbit.

## **6. Other implications**

**6.1** The receipt will contribute to the Council maintaining a balanced budget in the medium term thus helping preserve services for the people of Coventry.

### **6.2 How is risk being managed?**

This is a capital receipt, there are no risks.

### **6.3 What is the impact on the organisation?**

There is no significant impact on the organisation arising from this proposal. An opportunity has arisen for the Council to receive a capital payment and this opportunity has been realised.

### **6.4 Equalities / EIA**

This is a property transaction and an Equality Impact Assessment is not required.

### **6.5 Implications for (or impact on) the environment**

There are no implications for the environment.

### **6.6 Implications for partner organisations?**

The net funds generated by the disposal will support Orbit's Housing development programme of 1200 new dwellings by 2020

**Report author(s):**

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Member: Councillor J O'Boyle	Cabinet Member for Jobs & Regeneration		15.08.16	15.08.16

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