

Report to Portfolio Holder for Resources and Reputation

Subject: Sale of 8 electrical substation sites throughout the Gedling Borough

Date: 29 September 2017

Author: Property Surveyor

Wards Affected

- Cavendish - Cavendish Road
- Calverton - Burntstump Country Park
 - Labray Road
 - Seely Avenue
- Netherfield - Victoria Road
- Newstead - Tilford Road
 - Hazelford Way
- Woodthorpe - Thackerays Lane

Purpose

- 1 To seek approval to sell 8 electrical substation sites (Sites) throughout the Gedling Borough to the current occupiers - Western Power (WP) as shown coloured pink in the plans at Appendix 1.

Key Decision

- 2 This is not a Key Decision because this report relates to individual sales of substations. Each individual sale does not affect more than one ward.

Background

- 3 The Sites, which all consist of one electrical substation, are in the Council's ownership. WP currently pay a very low fee to use the Sites.
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- 4 WP have rights to use each Site as well as to access them (where applicable the access ways are shown coloured green on the plans at Appendix 1). WP also have the right to lay cables to the Sites across our land (where applicable the cable routes are shown coloured brown on the plans at Appendix 1).
- 5 The Sites are still required for the supply of electricity to Gedling Borough residents. WP are therefore a special purchaser because the Sites, in their existing use, would be of no benefit to any other purchaser. As WP are a statutory undertaker the Council would not easily be able to change the use of these sites. If the use of the Sites could be altered they could possibly be sold for a higher value. For this reason, in the event of the Sites no longer being used as substations the Council will be able to purchase them back at the sale price (£3,500 per site).
- 6 A price of £3,500 per site (together with access and cable route) has been agreed. This is consistent with prices which have been agreed for other substation sales with WP. The Council's Service Manager for Property has confirmed that this is the highest value that could be obtained for sale of the Sites. (The principle heads of terms which have been agreed for the sales are shown in Appendix 2.)
- 7 Council Standing orders for dealings with land state that

The executive shall consult with the Chairman of the Overview and Scrutiny Committee and ward members before making any decision to dispose of any land or property other than the sale of council houses to sitting tenants pursuant to the right to buy.

The Chairman of the Overview and Scrutiny Committee and ward members have been consulted in accordance with the above.

One ward member asked to whom the substations were being sold - The substations are being sold to Western Power. They also asked why the substations were being sold and if this was because they were no longer required – The substations are still required for providing power to Gedling Borough residents, the reason they are being sold is because selling at a price of £3,500 per site represents better value to the Council compared to the amounts that it could achieve in annual payments. It will also remove the Council from any future maintenance liabilities.

- 8 Standing orders also state that

In the case of the disposal of real property other than a house or houses and where the Corporate Director assesses the value of such property to be less than £20,000 he shall adopt such method of disposal as appears to him to be appropriate in the circumstances.

As this is a disposal of real property other than a house for a value less than £20,000 and sale will take place with a special purchaser the method of sale will be via private treaty. This is the most appropriate, efficient and cost effective method.

Proposal

9 It is proposed:

- (a) that the Sites are sold for £3,500 each to WP, a total of £28,000 for all 8 sites.

Alternative Options

10 An alternative option would be not to sell the Sites to the special purchaser. As the sites produce very little income and have no current alternative use, the capital received from the sale would appear to be a more preferable alternative.

Financial Implications

11 The costs associated with holding the Sites are considered to be minimal at present as it is not routinely maintained by the landscaping team with the exception of Labray Rd.

12 There is a low income stream from all of the Sites totalling £8.50 per annum. Due to the amounts that statutory undertakers are able to agree for sites of this nature, there would also be little prospect of being able to achieve a significant increase at any review.

13 Entering into the sale of the sites will bring in a capital receipt of £28,000.

14 Each party is to pay their own legal fees.

Appendices

15 Appendix 1 Plans showing the Sites.

16 Appendix 2 Principal heads of terms for sale of the 8 substation sites.

Background Papers

17 None identified.

Recommendation

18 **THAT:**

- (a) the Sites are sold for £3,500 each to WP, a total of £28,000 for all 8 sites.

Reasons for Recommendations

19 The reasons for these recommendations are as follows:

- (a) it is unlikely that there would be another interested purchaser for the Sites
- (b) sale of the Sites will provide the Council with a capital receipt
- (c) there will no longer be any maintenance liability associated with Labray Road.