

STRONG LEADER DECISION

REPORT TITLE	SALE OF FREEHOLD REVERSION OF MARINE POINT NEW BRIGHTON
REPORT OF	CORPORATE DIRECTOR OF DELIVERY SERVICES AND ASSISTANT CHIEF EXECUTIVE

REPORT SUMMARY

This report seeks approval to the sale of the Council's freehold reversionary interest in Marine Point, New Brighton.

This matter affects the New Brighton Ward and is a key decision.

RECOMMENDATION

That the Council's freehold reversionary interest in Marine Point be declared surplus to the Council's requirements and the Corporate Director of Delivery Services/Assistant Chief Executive be authorised to agree a sale of the site to Marine Point Property Ltd for the sum of £3,950,000.

SUPPORTING INFORMATION

1.0 REASON FOR RECOMMENDATION

- 1.1 To meet the Council's financial requirements by generating a capital receipt from the sale.

2.0 OTHER OPTIONS CONSIDERED

- 2.1 The sale of this site has been approved in principle by Full Council as part of the budget options.

3.0 BACKGROUND INFORMATION

- 3.1 The property known as Marine Point was developed in conjunction with Neptune New Brighton and was completed in 2010. It comprises a retail leisure facility which includes a cinema, supermarket, hotel, restaurants and retail facilities. The agreement with Neptune resulted in the Council retaining the freehold interest and Neptune holding the property complex on a 250 year lease from 2011. The extent of the property is shown edged red on the attached plan.
- 3.2 The complex is now owned by a company called Promenade Wirral Ltd after they took an assignment of the leasehold interest. The lease generates an income to the Council based on 6% of the rental income received by the lessee from the various operators which last year produced an income to the Council of £208,298.
- 3.3 In 2019/20 the Council was faced with a budget gap of £40m alongside increasing pressures in Children's and Adults Social Care. On 4 March 2019 Full Council approved a range of options to meet the budget gap, one of which was the disposal of the freehold in Marine Point. Utilising this option meant that Council service reductions and closures were kept to a minimum.
- 3.4 Following the decision by the Council property consultants Lambert Smith Hampton (LSH) were appointed to fully market the Council's freehold interest in Marine Point as an investment opportunity. The marketing campaign identified six interested parties with three submitting offers. The highest offer of £3,950,000 was received from Marine Point Property Ltd (company number 013591V), a company owned by the head lessee. LSH have advised that the nature of the lease structure means that its rental return is subject to the fluctuations of the property market and can in theory go down as well as up which can make it slightly less attractive to investors compared to more traditionally structured leases. LSH has also advised that, given some uncertainty around retail property investments, this is an appropriate time to sell the Council's interest. LSH have gone on to say that they are satisfied that the marketing exercise has produced the best price for the property and accordingly this satisfies Sec 123 of the Local Government Act.

4.0 FINANCIAL IMPLICATIONS

- 4.1 The sale will generate a capital receipt in the sum of £3,950,000 but will be in lieu of the current income of £208,298 pa.
- 4.2 The Council has elected to charge VAT on this property.

5.0 LEGAL IMPLICATIONS

- 5.1 The disposal will require the preparation of appropriate legal documentation.
- 5.2 The offer is considered to be the best reasonably obtainable and therefore satisfies Section 123 of the Local Government Act.
- 5.3 A restrictive covenant on the Council's freehold title, requires the Council to seek the consent of the Department of Business, Energy and Industrial Strategy to a sale of the freehold reversion.

6.0 RESOURCE IMPLICATIONS: ICT, STAFFING AND ASSETS

- 6.1 There are no IT or staffing implications arising from this report.

7.0 RELEVANT RISKS

- 7.1 Failure to secure the sale could result in the Council missing the opportunity to generate this level of capital receipt.

8.0 ENGAGEMENT/CONSULTATION

- 8.1 The decision in principle to sell the property has been made by Full Council. The marketing of this property has been undertaken by LSH who have targeted buyers of investment opportunities.

9.0 EQUALITY IMPLICATIONS

- 9.1 There is no relevance to equality.

10.0 ENVIRONMENT AND CLIMATE IMPLICATIONS

- 10.1 The legal transaction to sell the land of itself will have no environment or climate implications.

11.0 PLANNING AND COMMUNITY SAFETY IMPLICATIONS

- 11.1 There are no planning implications arising directly from this report.

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APPENDICES

Site plan

BACKGROUND PAPERS

None

SUBJECT HISTORY (last 3 years)

Council Meeting	Date
Cabinet – Revenue Budget 2019/20 and Medium Term financial Strategy 2019/20 to 2022/23	18 February 2019
Council – Council Budget	4 March 2019