

EXECUTIVE COMMITTEE

12th January 2016

Crossgates House

Relevant Portfolio Holder	Councillor John Fisher
Portfolio Holder Consulted	Yes
Relevant Head of Service	Amanda de Warr, Head of Customer Access and Financial Support
Ward Councillor Consulted	Yes
Key Decision – Yes	

1. SUMMARY OF PROPOSALS

This report seeks approval to enter into negotiations with Worcestershire County Council (WCC) to purchase their interest in Crossgates House.

2. RECOMMENDATIONS

The Executive Committee is asked to RECOMMEND that:

authority be delegated to the Director of Finance and Corporate Resources, and the Head of Legal and Democratic Services to purchase Worcestershire County Council's leasehold interest in Crossgates House.

3. KEY ISSUES

Financial Implications

- 3.1 Redditch Borough Council (RBC) is currently paying WCC £14,745 per annum to occupy all of Crossgates House. This is likely to increase in the rent review due in 2016.
- 3.2 WCC has no operational requirement for the premises and consideration has been given to RBC acquiring WCC's leasehold interest for £145,000
- 3.3 The capital investment, which would be funded from the capital realised through the sale of Threadneedle House, would make a revenue saving of £14,745 per annum with pay back in ten years.

Legal Implications

- 3.4 No specific issues.

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Service/Operational Implications

- 3.5 Crossgate House comprises a 1970's purpose built, 2 storey, brick and flat roofed office building. There is a large tarmac car park to the front of the building. It is situated in a commercial area, next to the Councils Crossgate depot off Crossgate Road. The building is identified on the attached plan (Appendix 1).
- 3.6 RBC owns the freehold of Crossgate House, which was originally constructed jointly with Worcestershire County Council (WCC).
- 3.7 To reflect WCC's interest in the construction, approximately 33% of the premises was occupied by WCC by way of a lease dated 9th September 1976 on part of the building and car park for a term of 99 years a reduced rent, from 25th September 1974. The current rent under this is £500 per annum and a rent review is due in 2016.
- 3.8 Subsequently, WCC granted a Tenancy at Will of its demise back to RBC at a rent of £14,745 per annum from 17th December 2001.
- 3.9 Since that time RBC has let the property to the NHS until April 2014, at which time RBC re-occupied the entirety of the property for operational use.
- 3.10 WCC has no operational requirement for the premises RBC now has the option of acquiring WCC's leasehold interest for £145,000
- 3.11 To determine the value of WCC's interest, the District Valuer (DV) was appointed jointly by RBC and WCC as an independent Valuer. The DV has hence reported that the value of WCC's leasehold interest at the valuation date is the sum of £145,000.

Customer / Equalities and Diversity Implications

- 3.12 None

4. RISK MANAGEMENT

- 4.1 None

5. APPENDICES

Appendix 1 – Site plan

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6. BACKGROUND PAPERS

AUTHOR OF REPORT

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