

**EXECUTIVE SUB-COMMITTEE FOR PROPERTY**

A meeting of the Executive Sub-Committee for Property was held on 28 January 2013.

**PRESENT:** Councillors D Budd (Chair), M Carr, C M Rooney, J Rostron and N J Walker

**OFFICIALS:** John Shiel and Sharron Brown

**APOLOGIES FOR ABSENCE:** Councillor B Thompson

13/46 **MINUTES OF THE MEETING HELD ON 16 JANUARY 2013**

That the minutes of the Executive Sub Committee for Property held on the 16 January 2013 were taken as read and signed by the Chair as a true record.

13/47 **CARGO FLEET DEPOT ACQUISITION**

The Director of Strategic Resources submitted a report that requested approval for the outright purchase of the Cargo Fleet Lane Depot site.

The Cargo Fleet Lane Depot, was a custodian property and comprised a number of industrial sheds with a 3-storey office complex at the front of the site together with a fuel facility and on-site parking. The majority of the buildings were constructed in the 1960's and though serviceable were now dated and would require significant investment in the future.

Since 1996 Middlesbrough Council have had a presence on the site together with a mix of other tenants including in the past Redcar & Cleveland Council. In keeping with the custodian agreement the tenants paid market rent together with the running costs of the property proportionate to the area they occupied. The costs of any void space were shared between all four-successor authorities.

Middlesbrough Council have had the property independently valued by GVA Grimley, firstly on the 7th of July 2010 and again on the 21st October 2011 and on both occasions the value of £500,000 was arrived at. Also they had determined the total rent for the site to be in the order of £92,820 per annum.

The report outlined that there were two options available:

1. **Option 1** - the Council would continue to pay a rent for the exclusive use as a depot. Savings, net of additional borrowing costs, would accrue from the economies of scale of having one depot site rather than four. This option assumed that the Council would invest approximately £500,000 from affordable borrowing to bring the facilities up to operational standard. CMT had agreed to proceed with this option as a minimum but to continue to pursue option two.
2. **Option 2** - the preferred option, realised the largest saving. This option was to consolidate operations on the Cargo Fleet Lane depot site as above, but to also buy out the other custodian authorities interest in the site. This would save the rent, which was being paid to them. This saving on the rent could then be used to finance the further additional borrowing to acquire the property and increase the net saving that could be generated under option one.

**ORDERED**

**Proceed with option 2, purchasing the outright interest in the Cargo Fleet Lane depot, which would allow the Council to realise additional savings of £38,780 from the consolidation of services onto the Cargo Fleet Lane depot site.**

**REASONS**

**The decision was supported by the following reason:**

**To maximise the savings potential from consolidating Council depot provision on the Cargo Fleet Lane site.**

The decision will come into force after five working days following the day the decision was published unless the decision becomes subject to the call in procedures.