



Request for decision: **D13-2017**

Subject matter: Cirencester Magistrates' Court – Heads of Terms

Executive summary:

Negotiations have taken place between our agents, BNP Paribas, and agents for the Ministry of Justice (MoJ) concerning the proposed acquisition of the former courthouse in Cirencester in order for the Police & Crime Commissioner to secure the whole site and enhance its value should it be decided at some date in the future to redevelop the adjoining police station.

Detailed heads of terms have now been agreed with the MoJ whereby the PCC would acquire the freehold of the courthouse for the sum of £450,000. This represents a discount on the open market value of the site to reflect the shared services connecting the building to the adjoining police station and the termination sum to which the PCC would be entitled on account of the MoJ terminating the lease of the former social club. It is proposed however that in the event of the courthouse site being sold (either together with the police station or separately), any surplus realised will be shared between the PCC and the MoJ based on a 70% to 30% split subject to some adjustments to take account of the costs likely to be incurred by the PCC in respect of holding, promoting and disposing of the courthouse. The MoJ will also pay the PCC a contribution towards maintaining the building for up to five years. The overage arrangements will continue to apply for fifteen years.

Recommendations (with reasons for that recommendation)

It is recommended that the Board endorse the proposal that the Police & Crime Commissioner purchase the Cirencester courthouse from the Ministry of Justice at a price of £450,000 with an agreement that any profit on the subsequent disposal of the site within the next fifteen years be divided between the PCC and the MoJ in the proportions of 70% and 30% respectively, the profit being defined as the capital receipt realised by selling the joint site less:-

1. The purchase price of £450,000;
2. The agreed value of the police station site (currently approx. £1.43m); and
3. All reasonable holding, promotion and disposal costs incurred by the PCC.

Police and Crime Commissioner

The above requests have my approval.

Signed:

Date: 25 April 2017