

Subject:	Consideration of offer for option for the freehold interest in Amex House		
Date of Meeting:	23 April 2009		
Report of:	Director of Culture & Enterprise and Interim Director of Finance & Resources		
Contact Officer:	Name:	Max Woodford	Tel: 29-3451
	E-mail:	max.woodford@brighton-hove.gov.uk	
Key Decision:	Yes	Forward Plan No: CAB9564	
Wards Affected:	All		

GENERAL RELEASE

This report was not placed on the Forward Plan as the intensive negotiations of the freehold value have resulted in an earlier than expected consideration of an offer.

1. SUMMARY AND POLICY CONTEXT:

- 1.1 This report seeks approval from Cabinet for the granting of an option (in return for consideration) to American Express for the sale of the city council's freehold interest in the Amex House site (shown in the plan at Appendix 1), subject to certain conditions being fulfilled. This report follows on from a Cabinet approval on 18 September 2008 giving 'in principle' agreement to offer such an option to American Express subject to an acceptable price being negotiated by officers and agreed by Cabinet.

2. RECOMMENDATIONS:

- 2.1 That Cabinet agree to grant an option to American Express for the sale of the city council's freehold interest in the Amex House site (as shown in Appendix 1), as outlined in the Heads of Terms attached to and outlined in the Part 2 report.

3. RELEVANT BACKGROUND INFORMATION/CHRONOLOGY OF KEY EVENTS:

- 3.1 During 2005 and early 2006 the city council worked with American Express on a project to deliver an expansion of their existing facilities at Amex House on Edward Street. The city council and American Express jointly undertook an Urban Design Analysis and Guidance and, the city council then adopted a Supplementary Planning Document for the area in March 2006. In addition, early design workshops were undertaken with City Planning officers.
- 3.2 American Express is now in a position to pursue the development of the land to the north of Amex House. In addition, and linked to this, they also wish to review the future ownership options of Amex House itself. They

state that they need to acquire the freehold ownership of Amex House to unlock the development of the land that they own to the north of the site. They need to obtain the flexibility to masterplan the entire site to allow for their future space planning for the long-term future. The existing Amex House has a limited economic lifespan remaining and American Express need to have the flexibility to replace that building when the time comes with new premises that would complement the new office that they would be building. The plan at Appendix 1 shows the existing land ownership pattern for Amex House and the surrounding land.

- 3.3 American Express has identified the skills and education of the labour pool in Brighton as being well suited to their needs. In particular, the language skills offered by the workforce here make it a site suitable for a global operation. The agreement of the Global Real Estate Board to proceed and the announcement to their staff moves this project forward beyond the previous discussions we have had with American Express in the past. Previous discussions had looked at feasibility, but now the focus is on implementation and delivery of the new space for American Express.
- 3.4 American Express want consistent ownership and control across what would constitute a major development site. American Express has made it clear that the request to purchase the Amex Freehold is an operational and property decision, and is not something aimed at achieving financial advantage.
- 3.5 In September 2008 Cabinet agreed to support detailed negotiations and to the principle of selling the Amex House Freehold. Officers and the council's valuation advisors have undertaken negotiations with American Express's advisors to reach the recommended transaction being considered by the Part 2 report.
- 3.6 The city council does not usually dispose of freehold interests. However, this is considered to be an exceptional case which justifies the disposal. By allowing American Express to acquire the freehold and gain the flexibility they need, it is possible to unlock the northern portion of the site for additional substantial office development. The economic impact of this would be significant for the city, particularly given existing economic conditions. The potential for jobs growth also goes towards meeting the requirement in the City Employment and Skills Plan for 16,200 additional people to be in work by 2017 to meet the national aspiration of an 80% employment rate. Given the fact this is being pursued by American Express to suit their identified business needs, this project stands a better chance of progressing than a speculative development which would be more likely to be affected by economic conditions.

4. CONSULTATION

- 4.1 This report relates to the offer to the city council and is not about the development scheme itself. Therefore there has not been external consultation on these matters. Many of the figures included in this report are commercially sensitive requiring a Part 2 report. Ward Members, the group leaders and the opposition spokesperson on Enterprise, Employment

and Major Projects have all been briefed and consulted on this report prior to Cabinet.

- 4.2 American Express did, as part of the development proposals on the planning side of the project, undertake first stage public consultation in early December, and have undertaken a second stage in mid March in readiness for the submission of a planning application.

5. FINANCIAL & OTHER IMPLICATIONS:

Financial Implications:

- 5.1 Considered in the part 2 report.

Finance Officer Consulted: James Hengeveld

Date:23/03/09

Legal Implications:

- 5.2 Considered in the part 2 report.

Lawyer Consulted: Bob Bruce Principal Solicitor Date:23/03/09

Equalities Implications:

- 5.3 There is to be a comprehensive EIA covering the project management function across all Major Projects. The final scheme on the northern part of the site will fully consider the requirements of the Disability Discrimination Act (DDA).

Sustainability Implications:

- 5.4 Considered in the part 2 report.

Crime & Disorder Implications:

- 5.5 Considered in the part 2 report.

Risk & Opportunity Management Implications:

- 5.6 Considered in the part 2 report.

Corporate / Citywide Implications:

- 5.10 This development will help to address issues such as worklessness identified in the City Employment and Skills Plan. There would also be a large knock-on economic impact that would be identified in the final planning application.

6. EVALUATION OF ANY ALTERNATIVE OPTION(S):

- 6.1 Considered in the part 2 report.

7. REASONS FOR REPORT RECOMMENDATIONS

Terms of the Proposed Offer

- 7.1 Considered in the part 2 report.

SUPPORTING DOCUMENTATION

Appendices:

1. Land Ownership plan for the Edward Street Quarter

Documents In Members' Rooms:

None

Background Documents:

None