

REPORT FROM: CHIEF EXECUTIVE

TO: POLICY AND RESOURCES COMMITTEE

DATE: 28TH OCTOBER 2020

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LAND AT NETHERFIELD ROAD, NELSON

PURPOSE OF REPORT

To report a request from the tenant of the land edged black on the plan for a clause to be included within the existing lease allowing him the first option to purchase the land in the event of it being declared surplus to requirements.

RECOMMENDATION

That this Committee refuses the request for the inclusion of a clause allowing the first option to buy for the tenant in the event of the land being declared surplus to requirements.

REASONS FOR RECOMMENDATION

This Committee is recommended to refuse the request for the following reasons.

The land brings in an annual rental income of £7,855 for the Council, and a variation of the lease was recently agreed further to planning permission being granted to allow seven car sales plots and a portacabin office at a revised rent of £8,300, increasing to £8,800 from 1st August 2021. If the request was accepted, and the land declared surplus to requirements and sold the Council would forego a rental income in lieu of a capital receipt.

Disposal of the land which is in a prominent main road position on the edge of the Town Centre would take away control from the Council and could affect any future redevelopment of its adjoining land.

In addition to the above if the inclusion of the clause is agreed there is a risk of this setting a precedent for other tenants coming forward requesting an option to buy in their leases.

BACKGROUND

1. The land is occupied by a Mr D Khan on a 6 year lease from 17th February 2017 at an annual rent of £7,855 for use as a car wash and valeting centre.
2. Mr Khan has obtained planning permission to use part of the land for seven plots with portacabin office, and a variation of the lease has recently been agreed to allow this use at an increased rent of £8,300 increasing to £8,800 from 1st August 2021.
3. The variation of the lease has not been completed and Mr Khan has requested a clause in the lease which would allow him the first option to buy the land in the event of it being declared surplus to requirements by the Council.

ISSUE

4. If the clause is included within the lease and the land is declared surplus in the future it may result in a loss of income for the Council. Disposal of the land would result in the Council receiving a capital receipt, but this would also take away control from the Council and could affect any redevelopment of this and its adjoining land.

IMPLICATIONS

Policy: No policy implications are considered to arise from this report.

Financial: The inclusion of the clause within the lease may result in a loss of rental income for the Council.

Legal: No legal implications are considered to arise directly from this report.

Risk Management: No risk management implications are considered to arise from this report.

Health and Safety: No implications are considered to arise directly from this report.

Climate Change: No implications are considered to arise directly from this report

Community Safety: See risk management

Equality and Diversity: No implications are considered to arise directly from this report

APPENDICES

Location plan

LIST OF BACKGROUND PAPERS

None