

REPORT FROM: CHIEF EXECUTIVE

TO: COLNE AND DISTRICT COMMITTEE

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LEASE OF LAND, ORMEROD STREET/PRIMET STREET, COLNE

PURPOSE OF REPORT

To seek approval to a renewal of a lease of land at Ormerod Street, Colne to incorporate additional land for parking use.

RECOMMENDATIONS

1. That this Committee approves the renewal of a lease of the above land to incorporate the adjacent vacant land on the terms set out below.
2. Members are also recommended to delegate authority to the Chief Executive Officer to consider and agree an option to purchase in favour of the proposed tenant after the fifth anniversary of the lease commencement date.

REASONS FOR RECOMMENDATIONS

1. To reduce trespass and the abandonment of cars on the vacant land
2. To secure additional rental income and secure improvements to the land and setting.
3. To provide the proposed tenant with an opportunity to purchase the land in the future, enabling him to invest monies to create a surfaced and secure car park. If the option is triggered the Council's Chief Executive can agree suitable terms at that time.

ISSUE

Background

1. The Council currently leases an area of land to the owner of the adjacent business premises, as shown hatched in black on the attached plan in Appendix 1. The land is open and unsurfaced and is used for the parking of customer's vehicles. Access is taken either from Primet Street or Ormerod Street.

2. The Council also owns the adjacent vacant land shown marked with black dots within the thick black line on the plan, which has been tipped upon and in the past has attracted a number of abandoned and untaxed vehicles which are not connected to the tenant's business. The site has had to be cleared and vehicles removed on a number of occasions at expense to the Council.

Current position

3. The situation has worsened in the past 12 months and the tenant has approached the Council a number of times to assist with the problems experienced on the adjacent land, which adversely affects his business.
4. Primet Street is in part adopted and maintained by Lancashire County Council (LCC) whilst Ormerod Street and the back street leading to Ormerod Street is unadopted, with a road surface which is cobbled and in need of some repair. It also currently provides a rear access to a neighbouring business located on Little Queen Street. Access to the rear is however only required on a handful of occasions during the year. The adjacent owner does not wish to lease or acquire the land in question but is keen to maintain access to the rear.
5. Discussions have taken place with the Council's tenant in relation to him taking on the land and extending his lease. Terms have been agreed, subject to Committee Approval, to extend the boundary of the leased area to incorporate the vacant land. The tenant is willing to surface and secure the land by way of suitable fencing and gates (marked B & C on the plan), which will improve the visual amenity of the industrial landscape in this location.
6. The tenant has also expressed interest in making a Highway's application to "stop up" Ormerod Street, so that the whole of the land edged with a thick black line on the plan including Ormerod Street can be made secure. If a "stopping up" Order is successful he wishes to erect fencing around the outer open boundaries of the leased area and install suitably wide gates (marked A on the plan) which will allow for controlled access into the car park and maintain access to the rear yard through existing gates (marked D on the plan) for the adjacent property owner. Conditions within the proposed lease will protect such access rights to the neighbouring property. If a "stopping up" Order is not forthcoming then the occupied area shall be limited to the land in the Council's ownership and Ormerod Street shall be left open and ungated.
7. The cost of the proposed works will be met by the tenant who has asked for an option to purchase the land after a period of 5 years, at market value as a cleared site disregarding the improvement works that he will carry out. Offering a lease in the first instance provides the Council with more control in relation to ensuring that the works are carried out initially to a high standard.
8. Provisional terms agreed subject to Committee Approval:
 - Use - Vehicle parking and access only.
 - Lease term - 9 years subject to rent reviews every three years to market value.
 - Rent - First year £2,000pa rising to £2,500pa from the first anniversary of the lease commencement date (exclusive of all outgoings) until the first rent review date.
 - Option to purchase - In favour of the tenant on the 5th anniversary of the lease commencement at market value disregarding the improvement works carried out by the tenant.
 - Repair and maintenance – Tenant's responsibility.
 - Fees: The tenant to bear the Council's Legal fees in preparing the new lease and any disposal.

Conditions:

1. The lessee shall surface and fence the land to the satisfaction of the Council as lessor and Planning Authority within a period of 24 months from the lease start date.
2. Ormerod Street shall only be fenced off if the tenant successfully obtains a “stopping up” Order from the Highways Authority.
3. Access rights for vehicles shall be reserved for the adjacent property owner across the land (between gates marked B & C and via existing gates marked D) at times and by agreement with the lessee. Such access to be provided in perpetuity if the option to purchase is triggered.
4. No buildings or structures (other than fencing and gates) shall be erected on the land.
5. Planning Consent (if so required) shall be obtained prior to commencing any works on the land.
6. Signage may be erected to promote the lessee's business only subject to receipt of Advertisement Consent.
7. The lessee indemnifies the Council against any claims actions damages losses arising out of use of the land.

IMPLICATIONS

Policy: None directly arising from this report

Financial: The proposal will generate additional revenue and a potential capital receipt. The extension of the leased area will transfer liability for its upkeep from the Council to the tenant.

Legal: The tenant shall bear the Council's reasonable legal fees and disbursements. The tenant is currently “holding over” on the previous lease which will require termination. A new lease to encompass all the land with an agreed start date will be required.

Risk Management: The proposal will reduce the risk of damage or injury arising from the trespass and damaged vehicles abandoned on the site.

Health and Safety: Refer to Risk Management.

Sustainability: Creating additional off-street parking for the business will result in additional, secure parking spaces which may retain and attract existing and new customers.

Community Safety: refer to Risk Management and Health and Safety.

Equality and Diversity: None that would affect the proposal.

APPENDICES

APPENDIX 1 – Location plan showing existing leased area, proposed extended leased area and proposed gate positions.

LIST OF BACKGROUND PAPERS

None