

REPORT FROM: CORPORATE DIRECTOR

TO: NELSON, BRIERFIELD AND REEDLEY COMMITTEE

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CAR PARK AT RAILWAY STREET, NELSON

PURPOSE OF REPORT

To report the outcome of negotiations for the land shown edged black on the plan.

RECOMMENDATIONS

That Members note the capital sum offered to the Council and that Members do not declare the land surplus to requirements at this time and retain ownership.

REASONS FOR RECOMMENDATION

The price offered to the Chief Executive Officer is not considered to reflect the Freehold value.

The tenant has stored a number of un-roadworthy vehicles on the land and a disposal of the land would take away an element of control from the Council.

The Council owns the adjacent land and a Freehold disposal would affect any future redevelopment potential of its adjoining lands.

BACKGROUND

1. At its meeting held 5th May 2017, the Executive resolved, at the request of the incoming tenant, that a clause could be included within his lease allowing him a first Option to Purchase the Freehold of the land, if it was ever declared surplus to requirements by the Council.
2. A 3 year lease from 10th April 2018 was subsequently granted to Mr M.Iqbal for car parking use, for him and the tenants' of the adjoining commercial units, at an annual rent of £1,250.
3. The Option to Purchase within the lease could only be triggered if the land was declared surplus to requirements by a resolution of the Council, and the option allows the tenant to purchase the freehold interest of the land at Market Value.
4. Further to a number of requests by the tenant for the land to be declared surplus to requirements a report was submitted to Nelson Committee on 7th October 2019. The report recommended that the land should not be declared surplus at that time, however Members resolved that the Chief Executive Officer be delegated authority to negotiate a land value with the tenant, and if there was a positive outcome a report would be submitted to a future Committee.

5. Negotiations have been held at various times with the Chief Executive Officer and the tenant has submitted a final offer of £18,000 for the Freehold interest. The sum offered is considered to be more reflective of a 125 year lease rather than a Freehold value, and the tenant is not prepared to increase his offer.

ISSUES

6. The tenant has an Option to Purchase the freehold of the land at market value if the land is declared surplus, but the land has not been declared surplus.
7. The land is situated next to a larger area of Council owned land and adjoining a back street which is a route between Railway Street and Brunswick Street. If there are any future proposals by the Council to redevelop the adjoining retained lands a sale of the land in question could affect the viability of any redevelopment proposals.
8. There have been issues with unroadworthy vehicles being stored on the land, which is a breach of the lease terms. Whilst the Council retains control of the land, by way of a short term lease, it maintains control over such breaches, whereas if the Freehold interest was sold the Council would find it more difficult to remedy any breaches of covenant.

IMPLICATIONS

Policy: The Council seeks to identify surplus property for inclusion in its disposal programme in order to achieve capital receipts at Market Value.

Financial: If the land is declared surplus and sold it will result in a capital receipt for the Council.

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

Risk Management: If the land is declared surplus and sold there will be an end to all risks and liabilities for the Council, however it would also lose control over the uses operated on the site and its ability to request the tenant to maintain it in good order.

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