

REPORT FROM: DIRECTOR OF PLACE

TO: EXECUTIVE

DATE: 25TH MAY 2023

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LAND AT NETHERFIELD ROAD, NELSON

PURPOSE OF REPORT

To request that Members decline a second request from the tenant of the land edged black for it to be declared surplus to exercise an option to buy in the lease.

RECOMMENDATION

That this Committee declines the request to declare the land surplus to requirements.

REASONS FOR RECOMMENDATION

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

Disposal of the land which is in a strategic location on the edge of the Town Centre would result in a loss of control for the Council and could affect any future redevelopment opportunities.

The land is occupied on a 6 year lease which brings in an annual rental income of £8,800, and prior to the current request terms for a longer 10 year lease had been agreed. If the land is declared surplus and a sale is agreed the Council would receive a capital receipt, but it would forego a rental income.

BACKGROUND

1. The land has an area of approximately 0.3 acres and it is in a strategic main road location at the edge of Nelson Town Centre. It is subject to a 6 year lease from 17th February 2017 at an annual rent of £8,800 for use as a car wash and car sales pitch, and the tenant also occupies the adjoining car park shown hatched on the plan under a separate licence from the Council for customer and staff parking in connection with his car wash and car sales business.
2. Further to a request from the tenant the Councils Policy and Resources Committee resolved on 28th October 2020 that there would be a clause in the lease allowing the tenant first

option to buy the land based on market value at the time in the event of the land being declared surplus to requirements.

3. The clause allowing the tenant the first option to purchase was documented on 9th February 2021, and it stated that in the event of the land being surplus by a resolution of the Council the tenant will have the first option to purchase the freehold interest of the land at open market value and be given 28 days to exercise the option.
4. On 24th June 2021 a request from the tenant for the land to be declared surplus to requirements was reported to the Policy and Resources Committee. The request was refused, but it was agreed that the Chief Executive be authorised to negotiate an extension of the lease to a longer term for the tenant to continue with his business from the site over a longer period.
5. Terms for a 10 year lease were agreed in December 2022 and the new lease was sent to the Solicitor representing the tenant in January 2023. Further to the lease being sent the tenant submitted a request to purchase the land, and it has not been signed as it is pending a decision on the request for the land to be declared surplus.

ISSUE

6. If the land is declared surplus and a sale negotiated to the tenant a capital receipt would be received which has been estimated at £100,000, but there would be a loss of rental income and it would take away control from the Council of a site in a strategic position which could affect any redevelopment in the future, and for these reasons the recommendation is not to agree for the land to be declared surplus.

IMPLICATIONS

Policy: The regeneration of Nelson is a key priority of the Council and the land is in a strategic main road position at the edge of the Town Centre. A sale of this land would affect any redevelopment plans which the Council may have for this area of the town in the future, and the land should be retained.

Financial: A sale of the land would result in a capital receipt which has been estimated at £100,000, but there would be a loss of ongoing rental income for the Council which is currently at £8,800 per annum.

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

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

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

APPENDICES

Location plan

LIST OF BACKGROUND PAPERS

None