

REPORT FROM: DIRECTOR OF RESOURCES

TO: EXECUTIVE

DATE: 19th SEPTEMBER 2024

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PENDLE BUSINESS CENTRE, COMMERCIAL ROAD, NELSON

PURPOSE OF REPORT

To advise Members of a request received from a local community group who wishes to acquire the Council's leasehold and freehold reversionary interest in the above property.

RECOMMENDATIONS

- (1) That Members agree to dispose of the Council's legal interests in the above property.
- (2) That Members delegate authority to the Director of Resources to negotiate an acceptable premium for the interests being sold.

REASONS FOR RECOMMENDATIONS

- (1) To generate a capital receipt (premium) and to reduce outgoings attributable to accommodation that is no longer required operationally.
- (2) To ensure that the Director of Resources is happy that the premium to be negotiated is at market levels and in accordance with Best Value.

ISSUE

1. The Borough Council owns the freehold interest in the above land (the boundary of which is shown on the attached plan) over which the Council granted Barnfield Construction a 125 year lease in 1977 to allow them to construct offices with ancillary car parking.
2. The lease provided that Barnfield were to grant a 125 year sub-lease back to the Council of four of the office suites within the new building (suites 102, 202, 203 and 204 amounting approx. to 26% of the whole lettable space). The Council pays an annual peppercorn rent to Barnfield under the lease terms and also pays them a service charge equating to 26% of the evidenced expenditure it incurs each year with the property.
3. The Council originally occupied three of the four suites as operational office space and granted a sub-underlease of the fourth suite to the North West Aerospace Alliance (NWAA),

for a term of 125 years less 10 days, subject to a premium and the payment of an annual peppercorn to the Council.

4. The Council no longer has operational use of its three suites and has leased out the space to generate income to off-set its outgoings (currently just one of the three suites is occupied by a community group at a subsidised rent).
5. Barnfield, through local agents, are selling their long leasehold interest, subject to all of the current tenancies.
6. The adjacent property owner (a registered charity) is in negotiations with Barnfield, to acquire their interest in the building and have approached the Council asking if it would also consider selling its interests in the property. This would provide the charity with overall control of the building, allowing it use of vacant suites in the interim but also the potential to gain full occupation as leases expire or by negotiated surrender with the existing tenants.
7. The charity would then be able to expand the community services and activities, operated from the adjacent buildings it already owns.
8. The offices are located some distance away from the Council's main operating base on Market Street and demand from private tenants for the space has been weak for a number of reasons, including rental levels, location and access. It is unlikely that the space would be required operationally by the Council in the future.

IMPLICATIONS

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

Financial: A disposal would generate a Capital Receipt and remove any future financial liabilities that the Council incur whilst the suites are vacant.

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

Risk Management: No risk management 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 showing the location of the Business Centre.

LIST OF BACKGROUND PAPERS

None