

Agenda Item No:

Report author: A Gledhill

Tel: 77803

Report of: Head of Property Services

Report to: Director of City Development

Date: May 2015

Subject: Land and premises at Bristol Street Sheepscar - The New Roscoe Public House LS7

| | | |
|---|---|--|
| Are specific electoral Wards affected? | <input checked="" type="checkbox"/> Yes | <input type="checkbox"/> No |
| If relevant, name(s) of Ward(s): | City and Hunslet | |
| Are there implications for equality and diversity and cohesion and integration? | <input type="checkbox"/> Yes | <input checked="" type="checkbox"/> No |
| Is the decision eligible for Call-In? | <input type="checkbox"/> Yes | <input checked="" type="checkbox"/> No |
| Does the report contain confidential or exempt information? | <input checked="" type="checkbox"/> Yes | <input type="checkbox"/> No |
| If relevant, Access to Information Procedure Rule number: | 10.4 | |
| Appendix number: | | |

Summary of main issues

1. The site is owned by the Council and is subject to a ground lease.
2. The public house has been experiencing trading difficulties and the existing tenants, due to their personnel circumstances, have approached the Council to discuss the options available that would allow them to achieve a satisfactory exit from the property. The tenants have been trying to sell their lease for a number of years. The public house is considered to be at risk of closure.
3. Disposal of the freehold with vacant possession would allow the Council and it's tenants to extract value from the site, remove potential liabilities and deliver a new use and thereby reducing the risk of dereliction. This could be achieved via a joint disposal agreement between the Council and its tenant.

Recommendations

4. It is recommended that :
 - a) The subject site be declared surplus to Council requirements and :
 - b) That approval be granted to enter into 'One to One' negotiations with the existing tenants in order to agree terms for a joint disposal agreement. Any provisionally agreed terms to be presented for formal approval and thereafter

1 Purpose of this report

- 1.1 The purpose of this report is to seek approval to declare the site surplus to Council requirements and to enter into 'One to One' negotiations with the existing tenants in order to agree terms for a joint disposal agreement and thereafter the Council to market the site for sale by way of informal tender.

2 Background information

- 2.1 The site is identified on the attached plan and extends to approximately 0.6 acres. It is located in a commercial area approximately a quarter of a mile from the City centre. The area has witnessed the closure of a number of public houses/working men's clubs in recent years.
- 2.2 The land is vested in City Development and is subject to a ground lease, the details of which and those of the current tenant are contained in the attached confidential appendix. The Council has no other land ownership in the immediate area, as evidenced by the plan.
- 2.3 Planning officers have indicated that the site could be suitable for redevelopment for commercial purposes or re-use of the existing building.
- 2.4 A culvert for Sheepscar Beck runs under the southern boundary of the site. The site is located in a flood risk zone. The Council's Flood Risk Management team have advised that the culvert is classified as a bridge structure which is maintained by the Council's Bridges Team (Structure No.54). Further investigation will be undertaken with the Bridges Team. Flood Risk Management have advised that the site is located within Flood Zone 3 which has a statistical probability of flooding of 0.01.

3 Main issues

- 3.1 The existing tenants have been attempting to sell their lease for a number of years without success. Due to their personnel circumstances and their current trading situation, the tenants have approached Asset Management to explore options that would allow them to exit from the property at the earliest opportunity. Their situation is detailed in the confidential appendix.
- 3.2 Initial discussions have taken place with the tenants which are detailed in the confidential appendix. The tenants have indicated that they are in principle agreeable to proceed on the basis of this report's recommendation.
- 3.3 The proposed course of action was successfully implemented in respect of another Council owned public house which is also detailed in the confidential appendix.

3.4 Options

1. Do nothing and continue to receive a rental income from the lease

Due to the circumstances detailed in this report it is considered that the rental income is at risk and pro-active action is required.

2. The Council to acquire the leasehold interest

The site does not present an opportunity for development of affordable housing and therefore this option should not be considered.

3. The Council and its tenants to enter into a joint disposal agreement

Under this option the tenants would agree to surrender their lease and the Council would market the freehold with the offer of vacant possession. A percentage split of the final sale price would be agreed prior to marketing. It is considered that, given the circumstances and nature of this property, this is the most appropriate course of action.

4 Corporate Considerations

4.1 Consultation and Engagement

- 4.1.1 Ward members have been consulted and all members have confirmed their support for the recommended course of action.

4.2 Equality and Diversity / Cohesion and Integration

- 4.2.1 There are not considered to be any equality and diversity / cohesion and integration issues arising.

4.3 Council Policies and City Priorities

- 4.3.1 The proposed course of action offers an opportunity to generate a capital receipt and to pro-actively deal with a licensed property in decline and thereby avert the potential for inclusion on the Council's 'Derelicts and Nuisance' site programme.

4.4 Resources and Value for Money

- 4.4.1 Disposal of the Council's freehold interest would result in the loss of an annual rental income at a time of severe budget pressures. However, there is particular concern as to the long term security of this income due to the circumstances detailed in this report. It is considered that the current opportunity to realise a capital receipt should be taken.

4.5 Legal Implications, Access to Information and Call In

- 4.5.1 Under Part 3 Section 3E Paragraph 2(a) of the Council's Constitution (Officer Delegation Scheme (Executive Functions)) the Director of City Development has authority to discharge any function of Executive Board in relation to the management of land (including valuation, acquisition, appropriation, disposal and any other dealings with land or any interest in land) and Asset Management.
- 4.5.2 The Director of City Development has authority to take the decisions requested in this report.
- 4.5.3 The proposal constitutes a Significant Operational Decision and is therefore not subject to call in.
- 4.5.4 The Head of Land and Property confirms that the proposed method of disposal set out above is the method most likely to result in the Council achieving the best consideration that can reasonably be obtained under Section 123 of the Local Government Act 1972 (or under the Housing Act 1985).

4.5.5 The information contained in the Appendix attached to this report relates to the financial or business affairs of a particular person, and of the Council. This information is not publicly available from the statutory registers of information kept in respect of certain companies and charities. It is considered that since this information was obtained through one to one negotiations for the disposal of the property/land then it is not in the public interest to disclose this information at this point in time. Also it is considered that the release of such information would or would be likely to prejudice the Council's commercial interests in relation to other similar transactions in that prospective purchasers of other similar properties would have access to information about the nature and level of consideration which may prove acceptable to the Council. It is considered that whilst there may be a public interest in disclosure, much of this information will be publicly available from the Land Registry following completion of this transaction and consequently the public interest in maintaining the exemption outweighs the public interest in disclosing this information at this point in time. It is therefore considered that this element of the report should be treated as exempt under Rule 10.4.3 of the Access to Information Procedure Rules.

4.6 Risk Management

4.6.1 It is considered that if the recommended course of action is not pursued then there is a high risk that the subject premises may close within the short term, with the associated issues that arise in such circumstances. The opportunity to move the property onto a more sustainable long term use and to derive a capital receipt may be lost.

5 Conclusions

5.1 It is considered that the recommended course of action is the most appropriate option to deal with the issues arising with the subject property.

6 Recommendations

6.1 It is recommended that :

a) The subject site be declared surplus to Council requirements and :

b) That approval be granted to enter into 'One to One 'negotiations with the existing tenants in order to agree terms for a joint disposal agreement. Any provisionally agreed terms to be presented for formal approval and thereafter the Council to market the site for sale by way of informal tender.

7 Background documents¹

7.1 None.

¹ The background documents listed in this section are available to download from the Council's website, unless they contain confidential or exempt information. The list of background documents does not include published works.