



Report of COMMERCIAL ASSET MANAGEMENT

Report to DIRECTOR OF RESOURCES & HOUSING

Date: November 2019

Subject: Request to declare Commercial Premises at 28 Marsh Street Rothwell LS26 0BB surplus to departmental requirements

Are specific electoral wards affected? If yes, name(s) of ward(s): Rothwell	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
Has consultation been carried out?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
Are there implications for equality and diversity and cohesion and integration?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
Will the decision be open for call-in?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
Does the report contain confidential or exempt information? If relevant, access to information procedure rule number: Appendix number:	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No

Summary

1. Main issues

- Stone built Victorian semi detached property previously used as an Estate Agents Office. Void since August 2019
- Prior to the premises becoming void it was extensively marketed. Of the interest generated, the majority of enquiries were regarding the purchase of the freehold to use the premises as offices for the expansion of established local businesses. There was no serious interest from individuals or companies wanting to rent the premises.
- It is estimated that due to the age and condition of the property, over the next five years, it will require repair and replacement works in the region of £38,000

2. Best Council Plan Implications (click [here](#) for the latest version of the Best Council Plan)

- **Inclusive Growth:** *Supporting businesses and residents to improve skills, helping people into work and better jobs.* If the freehold were to be sold it is likely a number of new jobs could be created for the local community.
- **Safe Strong Communities:** *Tackling crime and anti social behaviour.* If the premises is to remain void for a prolonged period, it is likely to become a target for vandalism and anti social behaviour.

3. Resource Implications

- If the freehold is not sold, onerous repair liabilities, and security costs will fall on the Council, in addition to an ongoing responsibility for Business Rates (currently £5,100 p.a)
- Were the freehold to be sold, a Capital Receipt would be obtained which could be used for positive outcomes for the Council across a wide range of services.

Recommendations

- a) It is recommended that the Director of Resources and Housing declares the void commercial premises at 28 Marsh St Rothwell LS26 0BB surplus to operational requirements and for City Development to be instructed to undertake a disposal.

1. Purpose of this report

- 1.1 That approval is sought from the Director of Resources and Housing, for the void commercial premises at 26 Marsh St Rothwell LS26 0BB to be declared operationally surplus, and for City Development to be instructed to undertake a disposal

2. Background information

- 2.1 The premises has been void since August 2019 when the tenant Reeds Rains Estate Agents declined to renew their lease. They had been in occupation for 26 years under leases of varying lengths but all on Full Repairing and Insuring terms. This meant they had responsibility for all repairs including the roof, rainwater goods, walls, doors and windows.
- 2.2 The premises dates from the Victorian era and is a semi detached stone built property with a pitched tiled roof
- 2.3 Extensive marketing was undertaken ahead of the end of the lease held by Reeds Rains. Little interest was shown for renting the premises (£7,500 p.a) on the same FRI terms as the previous longstanding tenant but several local businesses expressed an interest in purchasing the freehold so they could expand their operations in the local area.
- 2.4 To the rear of the premises is a long narrow former overgrown garden area which is shared with the adjoining premises 26 Marsh St. Vehicular access can only be gained via a gateway in the current demise of the subject premises (in Council ownership) however. **(See Background Document 2 Title Deed Plan)**

3. Main issues

- 3.1 The age and condition of the premises is such that were it be kept within LCC ownership, onerous repairing obligations would be incumbent on the Council. A condition report was undertaken and repairs and replacement works required within the next 5 years are estimated to be in the region of £38,000. **(See Background Document 1 Costings Report).**
- 3.2 Keeping the premises in LCC ownership, in the knowledge that there is no demand to rent the premises, will mean the premises will be void for a prolonged period of time. This will leave the premises vulnerable to anti social behaviour, put the

Council in a bad light, and be a very inefficient use of an asset where there is a demand for it be sold and to produce a Capital Receipt.

- 3.3 I would recommend that the premises be sent to Auction, and that all the interested parties are informed of the date. I am sure that such is the interest of three parties in particular, a Capital Receipt in excess of £100,000 will result.

4. Corporate considerations

4.1 Consultation and engagement

- 4.1.1 No formal consultation was undertaken as the disposal of the freehold of the premises will not adversely affect any amenity provision to the local area, but may in fact lead to the creation of new job opportunities.

4.2 Equality and diversity / cohesion and integration

- 4.2.1 An equality, diversity cohesion and integration screening exercise has been undertaken. This affirmed that equality, diversity, cohesion and integration considerations have been effectively considered in relation to this proposal and that a full impact assessment was not required

4.3 Council policies and the Best Council Plan

- 4.3.1 The recommendation to ultimately dispose of the freehold of the premises does not have an adverse impact on any Council policies, but should have modestly positive implications regarding the potential for job creation (**inclusive growth**) and reducing the risk of crime and anti social behaviour (**safe strong communities**) by bringing the premises back into use.

Climate Emergency

- 4.3.2 The sale of the freehold of the premises will not have any negative implications in terms of the climate emergency. The premises will most likely continue to be used as an office, employing local people, producing little noise pollution and with a low carbon footprint.

4.4 Resources, procurement and value for money

- 4.4.1 The sale of the freehold will produce a capital receipt expected to be in excess of £100,000. Three parties have already expressed a strong interest in purchasing the freehold. Sending it to Auction will undoubtedly result in competitive bidding between these parties, and others unknown whom may attend on the day.
- 4.4.2 To retain ownership of the premises will most likely result in a prolonged void period, as there has been little interest in renting the premises. The known repair and replacement works will then fall on the Council resulting in the asset representing very poor value for money, and contributing nothing to the local community.

4.5 Legal implications, access to information, and call-in

- 4.5.1 There are no legal implications to consider regarding the sale of the freehold. The Council has Full Title over the demised premises. The decision to agree to dispose of the freehold is not eligible for call in.

4.6 Risk management

- 4.6.1 If the freehold were to be retained by the Council, negative financial implications would result as no capital receipt would be achieved and the imminent repair and replacement works would have to be funded along with business rates and security liabilities.

5. Conclusions

- 5.1 Marketing the property prior to the lease held by the former tenant expiring, clearly showed that there was little commercial interest in renting the premises. There was however a good level of serious interest from parties wishing to purchase the freehold. After considering the financial implications of retaining the freehold against disposing of it, it is clear that the Council and the local community would benefit far more from the sale of the freehold.

6. Recommendations

It is recommended that the Director of Resources and Housing declares the void commercial premises at 28 Marsh St Rothwell LS26 0BB surplus to operational requirements and for City Development to be instructed to undertake a disposal.

7. Background documents¹

- 7.1 Repair Costings Report
- 7.2 Title Deed Plan
- 7.3 Site Plan
- 7.4 Site Photos
- 7.5 EDCI Screening

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.