



Operational Officer Decision Record

Where the decision has a financial value of between £100k - £350k and does not have a **significant** impact on two or more wards

1. Subject and details of the matter (to include reasons for the decision and detail of any previous cabinet decision)

Land and Buildings at Trinity Street, Grimsby, North East Lincolnshire, DN31 3AN (the "Site")

The Council own the Freehold of land and buildings at the subject Site, as outlined on the Location Plan at Appendix One, which are let to Norvik Limited (the "Tenant") on four separate leases as dated below:

- Lease dated 1st September 1959 – rent £140pa - with no opportunity to review the rent for the remainder of the 99-year term.
- Lease dated 12th July 1960 – rent £125pa - with no opportunity to review the rent for the remainder of the 99-year term.
- Lease dated 1st May 1964 which is split into 3 parts – the Tenant responsible for £58.00 per annum - with no opportunity to review the rent for the remainder of the 99-year term.
- Lease dated 18th June 1962 – the Tenant responsible for £15.00 per annum apportionment.

Total rent for leases as set out above: £338.00 per annum.

Due to the diminishing term on the leasehold interest, tenants are increasingly looking to acquire the freehold to satisfy bank lending requirements or to enable a sale of the

interest. The Tenant has approached the Council requesting a purchase of the freehold.

Whilst it still has to be ratified, the proposed strategy for Industrial and Commercial Leases is:

- West Marsh Industrial Estate, Kiln Lane Industrial Estate & South Humberside Industrial Estate – retention of freeholds; consideration for surrender and renewals of interests.
- Others at low rent/standalone (e.g., King Edward Street, East Marsh, Cleethorpe Road) will be considered on an individual basis for disposal of the freehold.

The Site forms part of the Cleethorpe Road Estate and should therefore be considered for disposal. The Tenant also requested a figure for a surrender and new lease, however, on review, this was declined by the Tenant.

The Leases have become management intensive over recent years with assignments and part sublets. The Leases in place are not reflective of the current activity and there is no opportunity to review the rents for the next 40 years. An attempt was made with the Tenant to surrender the existing leases and grant one new lease of the whole under modern terms, however, with their security of tenure and guaranteed low rent for the next 40 years, this was not accepted by the Tenant.

2. Decision being taken

To sell the Freehold for a capital receipt of £100,000 and to forego the revenue income of £338.00 per annum.

3. Anticipated outcome(s)/benefits

By selling the Freehold interest to the Tenant, the Council will benefit from a share of the value in the land. The Council would receive a capital receipt of £100,000 which has been negotiated as essentially 100% of the Synergistic marriage value plus the Landlord's interest. If this were sold on the open market subject to the Leases, the Landlord's interest would be low and so both parties' benefit from a sale of the Freehold between Landlord and Tenant. The Tenant can then seek a mortgage or funding to reinvest in the premises without the restrictions of a short Lease term.

4. Details of any alternative options considered and rejected by the officer when making the decision

Retain the Freehold:

The Council could retain the Freehold and continue to receive the minimum annual rent for the next 40 years or try and negotiate a surrender and renewal of the exiting Leasehold interests. This would provide the Tenant an extended term but still as a Leasehold interest and the Council would forego a potential capital receipt. It is highly unlikely the Tenant would accept a market rent as it is currently low.

Dispose of the Freehold:

The Council would receive a capital receipt as set out in this report. The Council would lose the minimal revenue stream per annum.

Do nothing:

This could prohibit the Tenant disposing of the interest in the future, should they wish to do so, and may also limit the Tenant's investment into the property. The Council would also forego a potential capital receipt but would still receive a minimum rent per annum.

5. Background documents considered (web link to be included or copies of documents for publishing)

N/A

6. Does the taking of the decision include consideration of Exempt information? If yes, specify the relevant paragraph of Schedule 12A and the reasons

No

7. Details of any conflict of interest declared by any Cabinet Member who was consulted by the officer which relates to the decision (in respect of any declared conflict of interest, please provide a note of dispensation granted by the Council's Chief Executive)

None

8. Monitoring Officer Comments (Monitoring Officer or nominee)

The decision being taken is appropriate for a matter of this type. The reasons and justification are clearly set out in the body of the report. Legal colleagues will support as appropriate.

9. Section 151 Officer Comments (Deputy S151 Officer or nominee)

The disposal of the freehold will generate a £100k capital receipt to the Council that will contribute to the requirement to generate capital receipts of £5m in 23/24 to fund revenue transformation costs as approved in the Council's Medium Term Financial Plan.

10. Human Resource Comments (Head of People and Culture or nominee)

There are no HR implications.

11. Risk Assessment (in accordance with the Report Writing Guide)

The risk to the Council in progressing with a freehold disposal to the Tenant is considered minimal. The Council has considered all options and the recommended option achieves the best outcome for both the Council (as Landlord) and the Tenant.

Future risks will remain with the Tenant in respect to the operational costs and the obligation of repair and maintenance to an acceptable standard to ensure ongoing use, as well as future investment opportunities.

There are no identifiable environmental sustainability implications as it is the intention that the condition of the Site will continue to be maintained by the Tenant based on an operational use. Any investment and usage will be a positive reflection to the street scene and will not require any financial commitment from the Council.

12. If the decision links to a previous one taken by Cabinet, has the Cabinet Tracker been updated?

N/A

15. Decision Maker:

Name: Sharon Wroot

Title: Executive Director Place and
Resources

Signed: REDACTED

Dated: 11.09.23

**16. Consultation carried out with
Portfolio Holder:**

Name: Cllr Stephen Harness

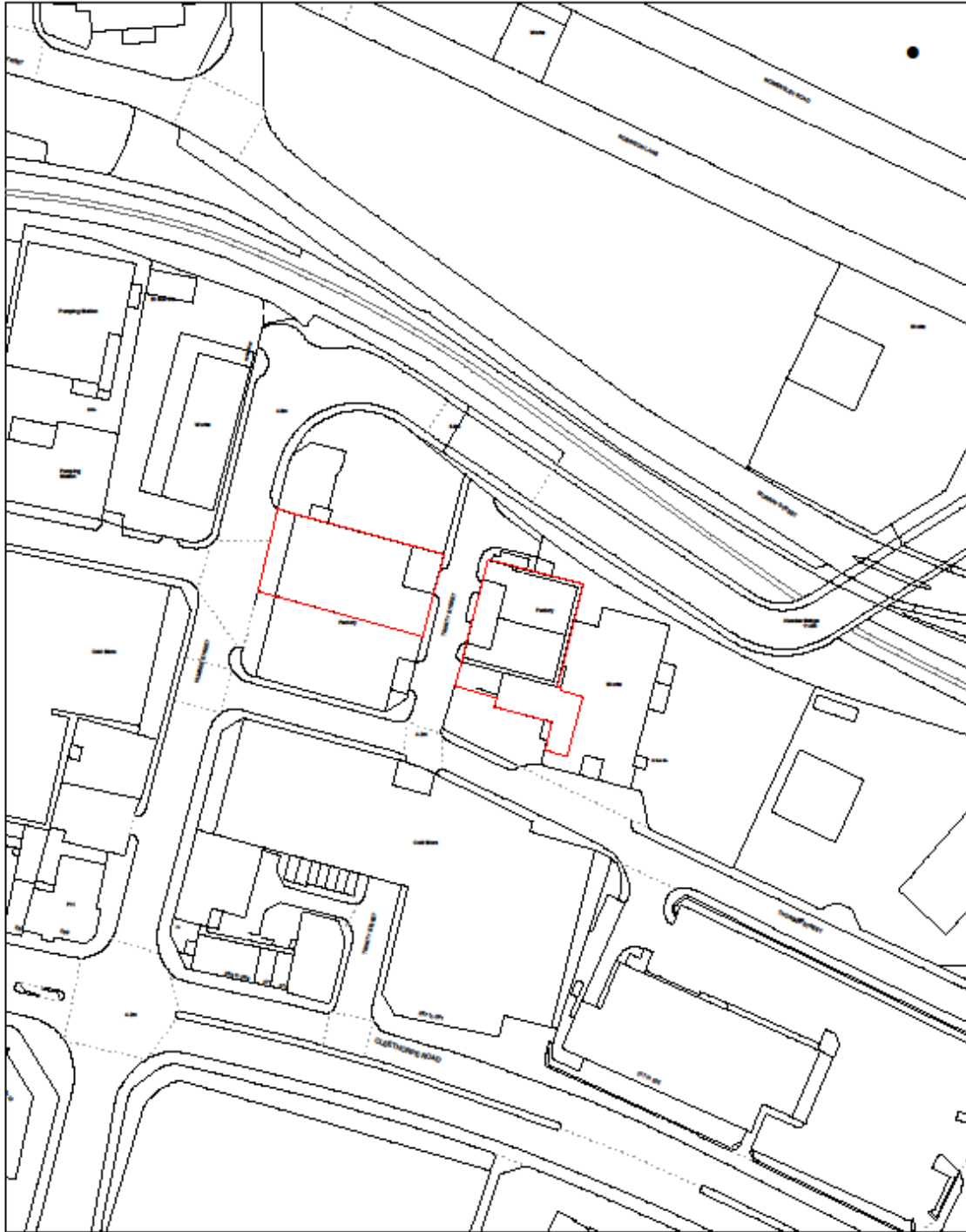
Title: Portfolio Holder for Finance,
Resources and Assets

Signed: REDACTED

Dated: 11th September 2023

Appendix One

Location Plan



0 25
metres

Scale 1:1,250

03/08/2023

Details:
Trinity Street Leases

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