



## 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 42-43 Alexandra Road, Cleethorpes, North East Lincolnshire, DN35 8LE (the "Site")

The Council own the Freehold of land and buildings at the Site, as outlined on the Location Plan at Appendix One, which is subject to five (5) separate lease agreements consisting of one (1) retail ground floor lease and four (4) residential tenancies. Details as follows:

1 – Retail ground floor – lease dated 16th December 2022 - £17,000.00 pa – rent review due on the 1<sup>st</sup> November 2023 to open market value or RPI.

2 – Residential Tenancy - lease start date 06/12/1982 - £10 pa - with no opportunity to review the rent for the remainder of the 125-year term.

3 - Residential Tenancy - lease dated 6th December 1982 - £10 pa - with no opportunity to review the rent for the remainder of the 125-year term.

4 - Residential Tenancy - lease dated 1st September 1992 - £10 pa - with no opportunity to review the rent for the remainder of the 125-year term.

5 - Residential Tenancy - lease dated 14th January 1985 - £10 pa - with no opportunity to review the rent for the remainder of the 125-year term.

Total rent for leases as set out above: **£17,040.00** per annum.

The Site is held by the Council as the ground floor of the building was previously the Tourist Information Centre. The Site is in the Cleethorpes Conservation area which has achieved Heritage Lottery Funding for property. The Council is unable to access these funds to make heritage alterations and improvements. The Site is looking tired and requires works to the externals, estimated in a recent report by Equans, costing round £57,000.

Whilst we endeavour to recover some of these costs from the residential tenants via the service charge, in the past, due to the legal process and Housing Act procedures, not all costs have been fully recovered. This is because it is a lengthy process of notifying the tenants of the works, seeking quotations, giving the tenants chance for them to seek their own quotations and then awarding the works, if the whole process is followed full cost recovery can be done via the service charge. However, if works are emergency works that need doing swiftly, the notice and time implications of the Housing Act caps the cost at £250 per tenant if works need doing immediately and full notification process not followed.

As there is this risk of not getting full cost recovery as well as the Site being of no further operational use for the Council, it was decided to dispose of the interest. As such, the Site was included within the resolution of Cabinet seeking to dispose of property and land assets, dated 8<sup>th</sup> March, across the Borough to facilitate income opportunities from capital receipts and remove ongoing revenue obligations for those assets (that do not return a viable commercial income or that are or are proposed as surplus to the Council's operational requirements).

An appraisal of key Council assets has been undertaken with a view to identifying those capable of being disposed of. This Site did not fall within the first tranche due to the existing tenancy and lease arrangements. The tenants have all been notified of the intention to dispose of the freehold interest prior to marketing and are aware that the sale does not affect the terms of the lease agreements.

## **2. Decision being taken**

To sell the Freehold for a capital receipt of £148,500 and to forego the revenue income of £17,040.00 per annum.

**3. Anticipated outcome(s)/benefits**

By selling the Freehold interest to the Purchaser, the Council will benefit from a capital receipt of £148,500 which has been negotiated after being on the open market, therefore considered the 'best price reasonably obtainable' for the Site. The Purchaser has the opportunity to invest in the Site and recover the cost from the tenants as well as being able to access the Heritage Lottery Fund to gain grant funding for some of the heritage works.

**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 ownership and continue to receive the annual rent income into perpetuity. This would provide the Council with an income but forego a potential capital receipt. There are reputational risks as the Council is being criticised as the Site is falling into disrepair. There are cost implications in bringing the Site back up to the required standard, not all of which can be recovered from the tenant. This option is therefore not considered the preferred option.

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

Cabinet decision of 8<sup>th</sup> March 2023 - [14.-Decision-Notice-8th-March-2023-PDF-239KB.pdf \(nelincs.gov.uk\)](#)

Cabinet report - [12.-Property-and-Land-Asset-Disposals-Cabinet-Report.pdf \(nelincs.gov.uk\)](#)

**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)**

Local Government Act 1972, s123, provides that the Council may dispose of land in any manner it sees fit subject to the constraint that (except in the case of leases for less than 7 years) disposal must be for the best consideration reasonably obtainable. The value has been tested via an open market process and the Executive Director Place and Resources has the constitutional ability to negotiate the disposal and/or acquisition of land and property on behalf of the Council, save where the same constitutes a key decision.

This disposal does not qualify as a key decision and can be disposed of as set out.

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

The sale will generate a capital receipt of £148,500 that can be used towards financing the Council's Capital Investment Programme. There will be a loss of annual rental income of £17,040 per annum as a result but the Council the sale will also remove future cost and investment responsibilities for the site.

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

There are no direct HR implications arising from the contents of this report.

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

The Site forms part of a terrace of properties located in a prominent position along the frontage of the Resort of Cleethorpes and is situated alongside a main arterial public highway. To do nothing and retain the Freehold ownership would result in the Council continuing to incur costs in relation to maintaining the condition of the Site, which cannot be recovered from the Tenants, as well as the Council not benefitting from external funding opportunities, which a private owner would be able to do. As there is no future operational requirement to retain the Freehold of the Site, the interest should be disposed of, providing the opportunity for the condition to be maintained and enhanced without the necessity to use public funds.

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

Yes

**15. Decision Maker:**

Name: Sharon Wroot

Title: Executive Director Place and  
Resources

Signed: REDACTED

Dated: 17.11.23

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

Name: Cllr Stephen Harness

Title: Portfolio Holder for Finance,  
Resources and Assets

Signed: REDACTED

Dated: 17<sup>th</sup> November 2023

**Appendix One**