

# Report



## Cabinet Member for Assets, Equalities & Member Development (Deputy Leader)

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### Part 1

Date: 23 August 2018

**Subject** Disposal of the Freehold of land at Willenhall Surgery, Newport

**Purpose** To seek approval from the Cabinet Member for Assets, Equalities and Member Development (Deputy Leader) for the disposal of the freehold of the land at Willenhall Surgery, Newport to the existing leaseholder.

**Author** Housing and Assets Manager.

**Ward** Victoria

**Summary** Newport City Council have received a request to purchase the freehold interest of the land at Willenhall surgery. The tenants made an original request to purchase the freehold in 2014 but complications in connection with the housing stock transfer to Newport City Homes prevented this being considered, with those problems now resolved the tenants have resubmitted their request to purchase the freehold.

**Proposal** To dispose of the freehold of Willenhall Surgery, Newport to the existing tenant on terms recommended by Newport Norse and approved by the Head of Law and Regulation.

**Action by** Head of Regeneration, Investment and Housing

**Timetable** Immediate

This report was prepared after consultation with:

- Housing & Assets Manager
- Principal Engineer, Streetscene
- Strategic Director - Place
- Head of Law and Regulation – Monitoring Officer Newport City Council
- Head of Finance – Chief Finance Officer
- Head of People and Business Change
- Associate Director of Property Services, Newport Norse
- Property Manager, Newport City Council
- Estates Portfolio Officer, Newport Norse

**Signed**

## **Background**

The council own the freehold of land (0.5 acres) at Willenhall surgery, Willenhall Street.

The land is subject to a ground lease for 99 years from 1993. The current rent paid by the tenant is £2,350 pa and they have 74 years left on the lease.

The tenants have constructed the surgery and practised out of it until 2014 when they retired. The tenants requested to purchasing the freehold at that time but due to the error in the transfer with Newport City Homes, this was not a possibility.

The property was vacant for some time and as the leaseholder was liable for business rates, they were keen to sub-let the property.

The Council and NCH allowed a deed of variation on the lease, for the use of the building to change from the sole use of a medicine practice to a more open D1 use, which permits non-residential institutions such as clinics, health centres, crèches, day nurseries, day centres. This then allowed the tenants to sub-lease the property. They now have a sub-tenant in there who are in the second year of a 3-year term. The sub tenant are Blue Cross who are a national company and they provide shelter for cats, dogs and other such animals. This provides a good service to the Newport area and prevents a burden on the Council run animal shelter.

Now that the issue of the transfer with Newport City Homes has been resolved, the tenants have approached us again to purchase the freehold of the property.

Newport Norse are of the opinion, that the disposal would be in the positive interests of the Council for the long term as the land itself is not in operational use. Any development potential for the Council would not be realised until the end of the term and there are no provisions for any break clauses on the lease or any legal procedures in getting the land back until the lease has expired. Disposal of the site would also prevent a derelict building in the near future, which would prevent anti-social behaviour and allow the possibility of a small business to emerge and make contributions towards the local economy.

We have discussed this proposal with the council's legal team as well as the Housing and Assets Manager. The tenants are in discussion with us and do call up to see if there has been progress to the application.

## **Financial Summary**

- If the sale progresses this would realise a capital receipt for the Council.
- There are no maintenance liabilities for the council as the land is already leased.

## **Risks**

There are no risks associated with this transaction.

## **Links to Council Policies and Priorities**

- Asset Management Plan
- Property Rationalisation Programme
- Medium Term Revenue Plan (MTRP)

## **Options Available and Considered**

- Decline disposal of the freehold to the tenant
- Dispose of freehold on terms to be agreed by Head of Law and Regulation. This will realise capital receipt for the Council.

## **Preferred Option and Why**

Dispose of freehold on terms to be agreed by Head of Law and Regulation.

## **Comments of Chief Financial Officer**

Disposal of this freehold will benefit the Council by the realisation of a small capital receipt, particularly as would be of no economic or strategic value to the authority until the current lease expires.

The Head of RIH would need to be satisfied that the revenue income loss, minimal as it is, will have no impact on the achievement of the overall income target for the commercial estate which this sit's under.

There is a base 'target' for capital receipts in the new 5 - year Capital Programme and capital receipts are used to meet this target.

## **Comments of Monitoring Officer**

The proposed action is in accordance with the Council's powers to dispose of non-operational land under section 123 of the Local Government Act 1972. The land is already tied up with a 99 year lease at an agreed ground rent, with no break Clause. Consent has already been provided to vary the lease to allow for a variety of D1 uses and to enable the tenants to sub-let parts of the property, to avoid the buildings being vacant and becoming derelict. Therefore, the reversionary interest is of no real value to the Council and the site will not revert back to the authority for another 74 years, when the unexpired term of the lease ends. The sale of the Council's freehold reversion to the current tenants would generate a small capital receipt, based on the net current value of the capitalised ground rent. This should satisfy the requirement to obtain market value for the disposal of the land under section 123.

## **Comments of Head of People and Business Change**

There are no staffing implications arising from this report.

Asset management is a key area for consideration as part of the Well-being of Future Generations Act. The decision to dispose of the freehold of the surgery will secure its long term future, be of benefit to the local community and help prevent any anti-social behaviour incidents. The report has considered the five ways of working and the decision contributes to a number of well-being goals including a prosperous Wales and a Wales of cohesive communities.

## **Comments of Cabinet Member**

Cabinet Member has been briefed on the report

## **Local issues – Comments of Victoria Ward Members**

## **Scrutiny Committees**

N/A

## **Equalities Impact Assessment and the Equalities Act 2010**

The Equality Act 2010 contains a Public Sector Equality Duty which came into force on 06 April 2011. The Act identifies a number of 'protected characteristics', namely age; disability; gender reassignment; pregnancy and maternity; race; religion or belief; sex; sexual orientation; marriage and civil partnership. The new single duty aims to integrate consideration of equality and good relations into the regular

business of public authorities. Compliance with the duty is a legal obligation and is intended to result in better informed decision-making and policy development and services that are more effective for users. In exercising its functions, the Council must have due regard to the need to: eliminate unlawful discrimination, harassment, victimisation and other conduct that is prohibited by the Act; advance equality of opportunity between persons who share a protected characteristic and those who do not; and foster good relations between persons who share a protected characteristic and those who do not. The Act is not overly prescriptive about the approach a public authority should take to ensure due regard, although it does set out that due regard to advancing equality involves: removing or minimising disadvantages suffered by people due to their protected characteristics; taking steps to meet the needs of people from protected groups where these differ from the need of other people; and encouraging people from protected groups to participate in public life or in other activities where their participation is disproportionately low.

## **Children and Families (Wales) Measure**

Although no targeted consultation takes place specifically aimed at children and young people, consultation on planning applications and appeals is open to all of our citizens regardless of their age. Depending on the scale of the proposed development, applications are publicised via letters to neighbouring occupiers, site notices, press notices and/or social media. People replying to consultations are not required to provide their age or any other personal data, and therefore this data is not held or recorded in any way, and responses are not separated out by age.

## **Wellbeing of Future Generations (Wales) Act 2015**

The Wellbeing of Future Generations (Wales) Act 2015 has been considered by the author and is covered in the background of this report.

## **Crime and Disorder Act 1998**

Section 17(1) of the Crime and Disorder Act 1998 imposes a duty on the Local Authority to exercise its various functions with due regard to the likely effect of the exercise of those functions on, and the need to do all that it reasonably can to prevent, crime and disorder in its area.

## **Consultation**

Comments received from wider consultation, including comments from elected members, are detailed in each application report in the attached schedule.

## **Background Papers**

Site plan

Dated: 23 August 2018

