

# Report

## Cabinet Member for Infrastructure and Assets

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### Part 1

Date: 31 January 2023

**Subject** Disposal of Land at Mission Court, Lanyon House, Newport

**Purpose** To seek approval from the Cabinet Member for Assets to dispose of the leasehold of the subject premises.

**Author** Property Manager

**Ward** Pillgwenlly

**Summary** The current tenant of Lanyon House has approached Newport Norse to purchase via a premium the long leasehold interest of land adjacent to their building for a car park. The land will form 6-8 spaces and alleviate some of the wider parking issues in the area with the lease running coterminous to that of Lanyon House.

This report makes arrangements for the premises to be disposed of.

**Proposal** That the premises be declared surplus and let as a long leasehold disposal, on terms recommended by Newport Norse and agreed by the Head of Law and Regulation.

**Action by** Head of People, Policy and Transformation

**Timetable** Immediate

This report was prepared after consultation with:

- Head of Finance – Chief Finance Officer
- Head of Law and Standards – Monitoring Officer
- Head of City Services
- Head of Regeneration & Economic Development
- Head of Asset Management and Valuation, Newport Norse

**Signed**

## Background

Historically the land around Mission Court has been offered by way of long leaseholds for development purposes, with a number of buildings being erected for office and employment use. Within the vicinity is Nexus House, which is home to HM Passport Office and Newport City Homes. As it is home to a number of businesses attracting employment it is hoped that further development for employment purposes will attract more workers to Newport and improving the local economy.

One drawback of the various buildings in and around Mission Court is availability of parking for employees and visitors to each building. This has often led to issues with people parking in and around the spare parcels of land (not all of which are earmarked for development) and occasionally pavements around Mission Court. This is exaggerated by the fact that the road within Mission Court is not adopted preventing any enforcement action from being taken.

The largest remaining development parcel at Mission Court (Plot 1 on the attached plan 1,736m<sup>2</sup>) is currently being utilised for homeless pods as part of Welsh Government's aim to get more homeless people off the street in response to the pandemic. One potential development plot has been taken up by the homeless pods. The subject land (coloured and edged green on the attached plan sized 179m<sup>2</sup> adjacent to Plot 2) was always earmarked as ancillary land that was to be utilised as car parking in conjunction with any future development at Plot 1. It should be noted that there is not considered to be any alternative development potential for this specific parcel of land, other than car parking, due to its proximity to existing buildings. Any other development may incur questions from planning regarding parking given the current issues faced with parking in and around Mission Court. This would mean alternative arrangements or alterations in any proposed development would be required.

One of the developed buildings, Lanyon House, is currently let to Evol on a ground Lease for 125 years that began in September 2007 with a premium being paid (£60,000) for the ground Lease subject to an annual peppercorn rent. Since Evol have been in occupation, they (and all other occupiers) have been continually impacted by the unregulated parking issues as described in and around Mission Court and as a result, have approached Newport Norse to take on land adjacent to Lanyon House (coloured and edged green on the attached plan) as a car park on a long Leasehold. After negotiating and collaborating with Evol and Newport City Council it has been suggested that Evol take on a long Lease of the land, subject to a £15,000 premium for a term that will run in conjunction with their ground Lease at Lanyon House. The ongoing rent will be a peppercorn as per the terms for the existing Lease at Lanyon House. Evol will need to construct and maintain the car park and will also need to obtain all necessary consents. Because of the capital costs involved in the creation of the car park, a short term lease is not considered a viable option by Evol. Even if a short term agreement (5 – 10 years) is offered the risk of losing the car park would be too high for Evol to put in the capital expenditure. The Council would also be at risk if they were to construct the car park themselves as the short term agreement may not create enough money to repay the initial outlay as well as the realisation that Evol would not take on any short term agreement.

This will result in the subject land no longer being available to be used with the remaining development plot for car parking, and therefore any future development of the land where the pods are being housed would need to factor in other measures for car parking. It is felt that due to the presence of the homeless pods and the uncertainty of any future development taking place, the current issues with car parking can be alleviated.

Evol's intention for the land to develop 6 – 8 parking spaces with electric vehicle (EV) charging points would be a benefit to the area, from a carbon reduction perspective, as there is currently limited access to EV charging points in this area for people working nearby. There was consideration of whether it would be feasible for the Council, to install pay and display spaces with EV charging points on this site however the investment costs outweigh the potential income in this location.

In the long term any future development will therefore be contained within the remaining development plot and the current car parking issues will be alleviated for Evol, assisting the wider area and other users of the adjacent buildings.

Therefore, upon review of market evidence and making an allowance for third party constructions costs, the £15,000 premium is considered fair market value.

### Financial Summary (Capital and Revenue)

The transaction would generate a capital receipt to the Council and remove any responsibility for maintenance for the land adjacent to Lanyon House:

	Year 1 (Current) £	Year 2 £	Year 3 £	Ongoing £	Notes including budgets heads affected
Costs (Income)	(£15,000)				
Net Costs (Savings)					
Net Impact on Budget					

### Risks

Risk	Impact of Risk if it occurs* (H/M/L)	Probability of risk occurring (H/M/L)	What is the Council doing or what has it done to avoid the risk or reduce its effect	Who is responsible for dealing with the risk?
Failure to dispose of the asset will result in no capital receipt for the Council and ongoing maintenance costs	L	L		NCC and Newport Norse

\* Taking account of proposed mitigation measures

### Links to Council Policies and Priorities

The project delivers against the “Thriving City” and “Aspirational People” themes of the Corporate Plan 2017-2022.

Additionally, the project contributes to the Council’s wellbeing objectives, namely: to promote economic growth and regeneration whilst protecting the environment and to build cohesive and sustainable communities. Proceeding with this action would not adversely affect the other objectives.

### Options Available and considered

1. Declare the property surplus and dispose of the Leasehold interest to a Evol to develop the small parcel of land into EV charging points and earn a capital receipt.
2. Take no action and do not dispose of the premises and continue to hold it as vacant land.

### Preferred Option and Why

1. Declare the property surplus and dispose of the Leasehold interest to a Evol to develop the small parcel of land into EV charging points and earn a capital receipt.

## **Comments of Chief Financial Officer**

This report recommends the disposal of a parcel of land on a long term lease, in return for a premium of £15,000. The report highlights the fact that there is little alternative development potential for this land and that there would be no financial benefit for the Council undertaking the development itself. In addition, the development of a small car park would present other benefits, namely the alleviation of existing car parking issues.

As highlighted in the comments of the Monitoring Officer, the Cabinet Member needs to be satisfied that the amount received represents market value, taking into account the fact that the current leaseholder will finance the creation of the car park and EV charging points themselves. It will be important to balance the wider benefits of agreeing to this long lease against any potential shortfall in capital receipt received.

## **Comments of Monitoring Officer**

The proposed action is in accordance with the Council's legal powers under section 123 of the Local Government Act 1972 to dispose of land that is surplus to requirements. The land at Mission Court is already appropriated for regeneration and development purposes and, therefore, does not need to be formally re-appropriated from operation use prior to any disposal. The grant of a long lease of this land to the leaseholder of Lanyon House, for a term which is co-terminus with their current lease of the building, will constitute a "disposal" for the purposes of section 123 and, therefore, the Council has a statutory duty to secure the best price reasonably obtainable for the lease. The cabinet member will need to be satisfied that the premium of £15k represents market value, having regard to the proposed use of the land as a car park and the capital costs that the tenant will incur in carrying out work to enable the land to be used for car parking purposes. The grant of the lease would be subject to the tenant obtaining the necessary planning permission for the use and the work. The long lease of the car park would also prevent any further use of this land in conjunction with the remaining development plots on this area, but that needs to be balanced against the short-term benefits of resolving car parking issues in the area.

## **Comments of Head of People Policy and Transformation**

There are no HR implications for this report.

It is envisioned this will support businesses in the area thus supporting the economy and will alleviate some of the parking pressures of residents nearby. No specific implications in relation to Fairness and Equality have been identified as a result of the FEIA.

## **Questions asked by Members**

During the member consultation period, the issue of the uncertainty of the future of the homeless pods has been raised. This has now been corrected in the report to clarify that the homeless pods which have temporary permission until the end of December 2025.

## **Scrutiny Committees**

None

## **Fairness and Equality Impact Assessment:**

- **Wellbeing of Future Generation (Wales) Act**
- **Equality Act 2010**
- **Socio-economic Duty**
- **Welsh Language (Wales) Measure 2011**

No positive or negative impact on people that share protected characteristics and no positive or negative impact on economic, social, cultural and environmental well-being have been identified and therefore a full FEIA is not required.

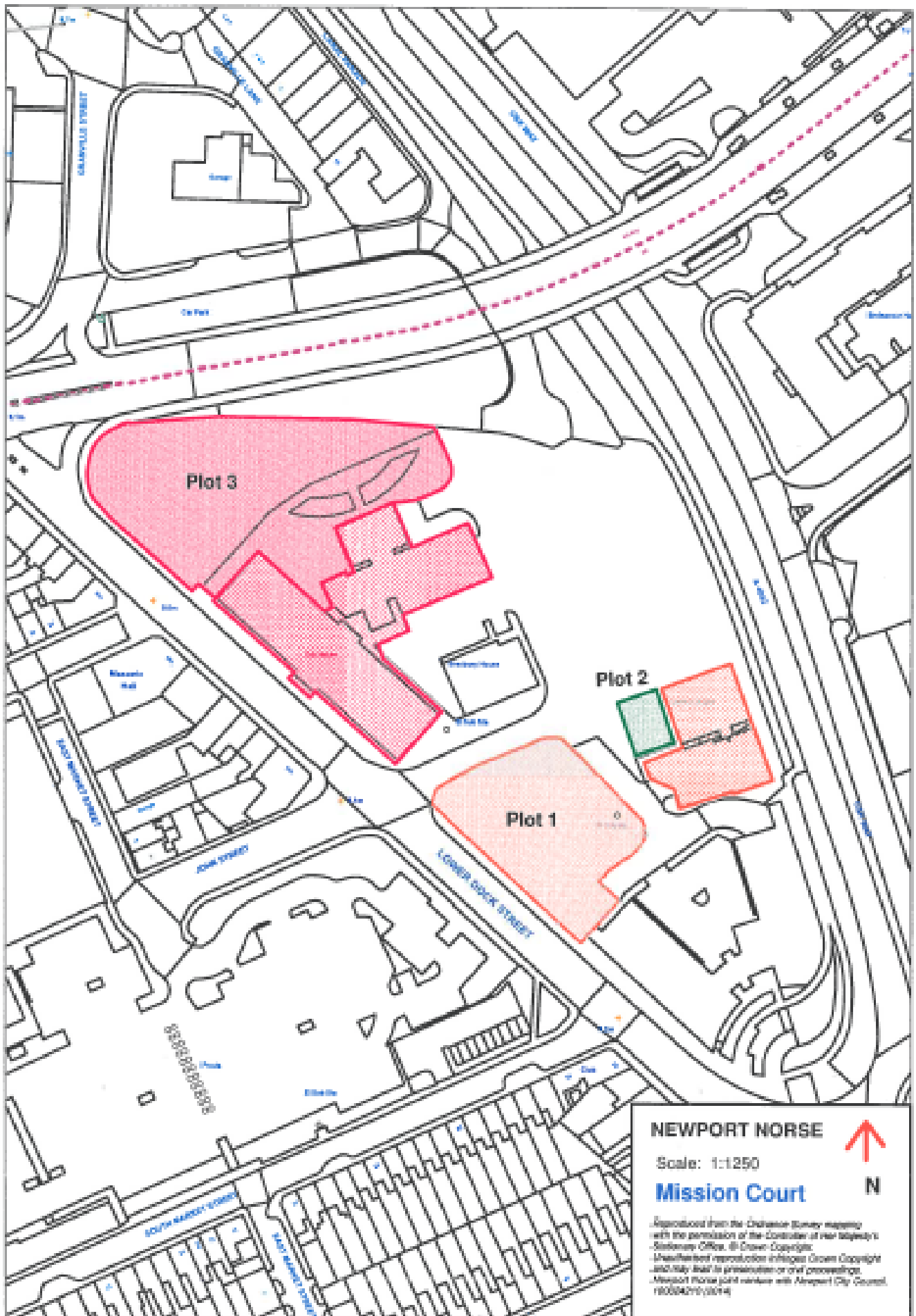
## **Consultation**

Consultation has taken place with relevant Council Officers and ward members.

## **Background Papers**

None

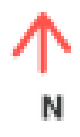
**Dated: 23 January 2023**



**NEWPORT NORSE**

Scale: 1:1250

**Mission Court**



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