

CHESHIRE EAST COUNCIL

PORTFOLIO HOLDER FOR REGENERATION

Date of Meeting: 23rd January 2016

Report of: Executive Director - Place

Subject/Title: Lease of the Rectory Stables, Wilmslow

Portfolio Holder: Regeneration

1.0 Report Summary

- 1.1 The purpose of the report is to seek approval to enter into a 10 year lease with Lyme Design and Build Limited for the Stable Block at Wilmslow Leisure Centre, Alderley Road, Wilmslow.
- 1.2 Offers have been sought from interested parties to use the land on the basis of a 10 year lease. The lease is to include a restricted user clause, will be contracted out of the security provisions (Section 24-28) of the Landlord and Tenant Act 1954 and the Council will insist on a sufficient mutually agreeable break clause in the proposed lease agreement.
- 1.3 The property has been vacant for a number of years and is in need of substantial renovation. The lease will enable Lyme Design and Build Limited to invest in the derelict building and will allow the Council to retain the asset and realise any uplift in value or beneficial use which may be available at a later date.

2.0 Recommendations

- 2.1 It is recommended that Portfolio Holder for Regeneration;
 - 1) It is recommended that Portfolio Holder for Regeneration approves the offer from Lyme Design and Build Limited (LD&B Ltd) Marsland Street Industrial Centre, Hazel Grove, Stockport, SK7 4ER on terms and conditions to be determined by the Asset Manager in consultation with the Director of Legal Services, and,
 - 2) authorise the Director of Legal Services to approve all legal documentation and proceed to practical completion of the lease and any other legal documentation.

3.0 Reasons for Recommendations

- 3.1 The land is deemed to be surplus to the Council's operational requirements.
- 3.2 The grant of a 10 year lease will enable the Council to retain the asset and realise any uplift in value or beneficial use which may be available at a later date.
- 3.3 It is considered that the offer received from LD&B Ltd met the criteria proposed with regard to the proposed rent and lease term.
- 3.4 The availability of the site has been advertised on the open market. Of the deliverable schemes proposed by the interested parties, given the parameters of use for the site it is considered that the value offered by LD&B Ltd will give the best financial receipt to the Council.

4.0 Wards Affected

- 4.1 Wilmslow East

5.0 Local Ward Members

- 5.1 Cllr Rod Menlove

6.0 Policy Implications

- 6.1 The land is considered to be surplus to the operational requirements of Cheshire East Council.

7.0 Financial Implications

- 7.1 Cheshire East Council will receive an annual rent of £7,200 per annum which is to be reviewed at 3 year intervals for the duration of the lease. An 18 month rent free period has been agreed to allow the proposed tenant to undertake improvements and fit out works to bring the property to a tenable condition.
- 7.2 In granting a 10-year lease to LD&B Ltd the Council will retain the asset value of the land / property in question.
- 7.3 The availability of the site has been advertised on the open market. Of the deliverable schemes proposed by the interested parties, given the parameters of use for the site, it is considered that the value offered by LD&B Ltd will give the best financial offer to the Council.

8.0 Legal Implications

- 8.1 The Localism Act 2011 introduced the General Power of Competence, which allows the Council to do anything an individual can do, provided it is not prohibited by other legislation. These powers have replaced the previous wellbeing powers, however, the use of these powers must be in support of a reasonable and accountable decision made in line with public law principles.
- 8.2 The Council has the power to grant a lease of the land pursuant to s123 of The Local Government Act 1972 subject to any disposal for 7 years or more being at the best consideration that can reasonably be obtained.
- 8.3 The Council has a fiduciary duty at all times to the taxpayers and must fulfil this duty in a way which is accountable to local people.
- 8.4 The disposal terms will be considered on their merits against this legal background to achieve the stated purpose in this report.

9.0 Risk Management

- 9.1 It is considered that the risk would be minimal as the Council will retain the asset value of the land in question for potential disposal or otherwise when the lease comes to an end.

10.0 Background and Options

- 10.1 The area of land in question is approximately 0.0266 acres and is shown on the attached plan. The site comprises a former stable / storage facility which is situated adjacent to Wilmslow Leisure Centre Car Park. The present accommodation is situated on single storey, pitched slate clad roof over brick elevations
- 10.2 The property has been vacant for a number of years and is in need of substantial renovation which would as consequence result in the Council incurring significant costs.
- 10.3 The Council has advertised the property known as Rectory Stables, Wilmslow for a 10 year lease by way of a tender process as this would secure the Council a suitable tenant and proposed use. The Lease will be contracted out of the security provisions (Section 24-28) of the Landlord and Tenant Act 1954.
- 10.4 The Council received eight (8) offers. In the review of the proposals received, consideration has been given to the adherence of the proposed use, to the ability to gain a planning consent and financial value to the Council as well the criteria proposed with regard to the proposed rent and lease term. Following this consideration it is

considered that the offer from LD&B Ltd is the best offer received in best value terms.

- 10.5 LD&B Ltd proposed use of the site is for an office and storage (B1 use) for residential home improvements, new builds & expansions. LD&B Ltd is proposing to improve and enhance the property and therefore the Council will receive the benefit of a much improved asset.
- 10.6 LD&B Ltd will be responsible for obtaining planning permission for the proposed improvements works and for a change of use (if required).
- 10.7 Letting the property will generate an annual income and relieve the Council of its obligations in terms of future holding costs (throughout the duration of the lease).

11.0 Access to Information

The background papers relating to this report can be inspected by contacting the report writer:

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