

Key Decision Required:	Yes	In the Forward Plan:	Yes
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CABINET

REPORT OF THE REGENERATION, INWARD INVESTMENT AND GROWTH AND ASSET MANAGEMENT PORTFOLIO HOLDER

4 JULY 2014

A.2 FREEHOLD DISPOSAL OF THE SHIP INN, KINGS QUAY STREET, HARWICH (Report prepared by Aileen Middleton)

PART 1 – KEY INFORMATION

PURPOSE OF THE REPORT

To seek the Cabinet's approval for the freehold disposal of the Ship Inn, situated in Harwich.

EXECUTIVE SUMMARY

The Council owns the Ship Inn in Harwich, which has been let on a lease to a private tenant for some years. The tenant has asked to purchase the freehold.

The tenant is a potential special purchaser and, accordingly, officers have asked him to obtain a valuation and make a bid. The Council's valuers have also valued the asset to ensure best value.

RECOMMENDATIONS

That the Cabinet authorises the freehold disposal, in principle, subject to its decision on terms set out in the report in Part B of this agenda.

PART 2 – IMPLICATIONS OF THE DECISION

DELIVERING PRIORITIES

The disposal will have the potential to deliver on the following Council priorities:

- Promoting sustainable economic growth.
- Regenerating the District and improving deprived areas.

A capital receipt offers potential to contribute to the investment in acquiring or improving housing assets.

FINANCE, OTHER RESOURCES AND RISK

Finance and other resources

The freehold disposal will result in a capital receipt for the Council. Details of this are contained in Part B of this agenda.

Risk

There is a minimal risk that the purchase might not complete but the tenant would remain

in this event. There are no rent arrears.

LEGAL

Section 123(1) Local Government Act 1972 indicates that, a local authority may dispose of land held by it in any way it wishes so long as (section 123 (2)) the land is disposed for a consideration not less than the best that can reasonably be obtained.

The General Disposal Consent Order (England) 2003 gives consent for disposal at below best consideration reasonably obtainable provided that the undervalue is less than £2m and the proposal enhances the environmental economic and social wellbeing of the area.

Section 123(2A) Local Government Act 1972 indicates that, a local authority may not dispose of land held by it without advertising its intention to do so in the local press.

In this case the price negotiated is in line with a special purchaser interest and is considered to be best consideration reasonably obtainable by the agents having regard to the on-going lease.

In coming to decisions in relation to management of assets, the Council must act in accordance with its statutory duties and responsibilities. Under case law following Section 120 of Local Government Act 1972, the Council is obliged to ensure that the management of its assets are for the benefit of the district.

The Council's constitution provides for an initial decision by the Portfolio Holder prior to the further negotiation of property transactions. In this case, in the light of the offer from the tenant, the Portfolio Holder has agreed that the whole matter be directly considered by Cabinet.

OTHER IMPLICATIONS

Consideration has been given to the implications of the proposed decision in respect of Crime and Disorder, Equality and Diversity, Health Inequalities, Consultation/Public Engagement and Wards; and any significant issues are set out below.

None

Ward

Harwich East

PART 3 – SUPPORTING INFORMATION

BACKGROUND

- The Ship Inn is a small restaurant and art gallery with a flat above located on Kings Quay in Old Harwich.
- The Ship has been let for some years and under the current lease, since 2004, and there are no rent arrears.
- The tenant has previously offered to purchase the freehold but prior to the Council's decision to take responsibility for HRA borrowing, government financial rules made a sale unattractive. However, the Council is now able to directly use any HRA receipt to reinvest in housing.
- The Council and tenant have both obtained independent valuations and the tenant offered a price within that range that the Council's valuers consider to be best consideration reasonably obtainable, taking into account the existence of the lease and

the position of the tenant as a special purchaser.

- Mr Sallows has offered a price above his valuation and at the very top of the valuation by the Council's valuers NPS.

CURRENT POSITION

- Building is let on secure terms for the foreseeable future
- The tenant has offered an amount for the freehold, which is considered to be the best consideration reasonably obtainable.
- It is proposed that the current tenant be allowed to proceed to purchase the freehold of the site.
- The financial details are contained in Part B of this agenda.

FURTHER HEADINGS RELEVANT TO THE REPORT

None

BACKGROUND PAPERS FOR THE DECISION

None

APPENDICES

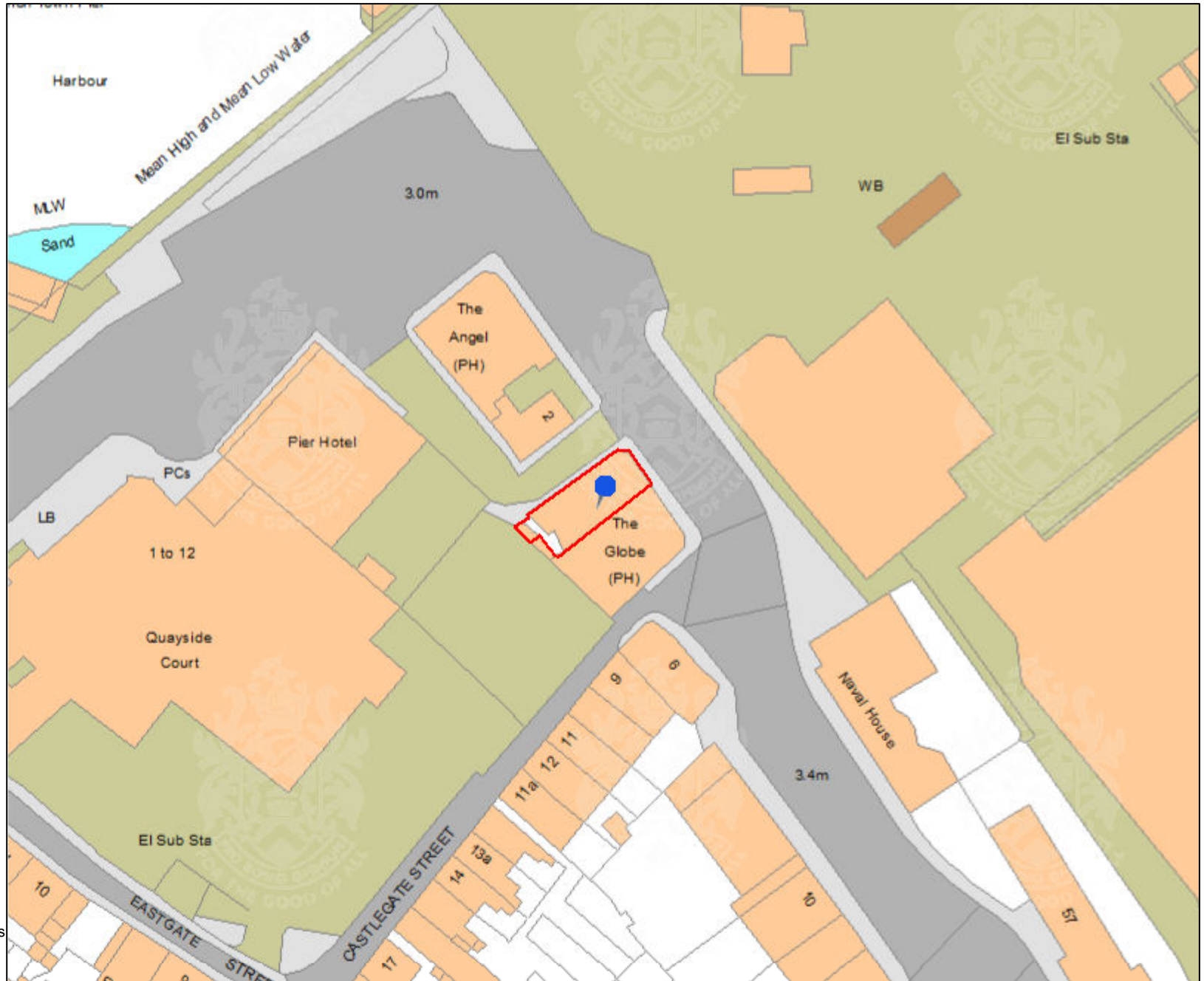
- **Appendix A – Location Plan**

Tendring
District Council

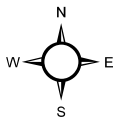


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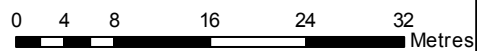
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Date: 17/09/2013



Author:



Map Notes