

<b>REPORT TO</b>	<b>DATE OF MEETING</b>
Cabinet	20 March 2013

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<b>SUBJECT</b>	<b>PORTFOLIO</b>	<b>AUTHOR</b>	<b>ITEM</b>
Northbrook Barn, Leyland	Finance & Resources	John Dalton	9

## **SUMMARY AND LINK TO CORPORATE PRIORITIES**

This report sets out terms provisionally agreed for the disposal of Northbrook Barn, Leyland and links to the Council's ambition of maintaining a strong South Ribble in the heart of a prosperous Central Lancashire and promotion of strong and healthy communities.

## **RECOMMENDATIONS**

That the terms provisionally agreed are approved.

## **DETAILS AND REASONING**

### **Background**

Northbrook Barn is a detached property owned by the Council, standing in grounds of approx 0.1 ha. (0.26 acres) and shown edged on the plan attached. It was converted for use as a training centre during the mid 1990s and is currently subject to a lease to Orvia Property Ltd, as successor to South Ribble Office Developments Ltd which expires in February 2015.

ORVIA Property Ltd. has asked to surrender the lease due to falling occupancy of the managed office space and, at its meeting on 15.06.11, Cabinet decided it would accept a surrender provided an alternative occupier could be identified.

A number of alternative uses have been investigated since then including continued office or other uses for the existing building and conversion or redevelopment for market or affordable housing.

Taking into account the Council's policy aspirations for the use of its property assets and the prevailing economic conditions for the uses envisaged I am of the view that the best option lies in sale of the property for an office/community related use. Negotiations have been conducted with a local group who have come forward with such a proposal and concluded in provisional agreement of terms which are reported below.

## Sale Terms Provisionally Agreed

Wellfield Church has put forward a proposal for the purchase and development of Northbrook Barn as set out on the attached submission. This has led to the provisional agreement of terms outlined below -

1	Property	Northbrook Barn, grounds and access road shown edged red on the plan attached, Northbrook Road, Leyland
2	Purchaser	A Trust, yet to be established under the auspices of Wellfield Church.
3	Purchase Price	£170,000 (one hundred and seventy thousand pounds)
4	VAT	The Council has not elected to tax on this property.
5	Possession	1 <sup>st</sup> May 2013, subject to completing the surrender of the existing lease.
6	Use	The Property is currently used for offices and meeting rooms through a managed business centre and has the benefit of outline planning consent for residential development.  Other uses may require planning consent.
7	Access	Directly from the adopted highway, Bannister Drive, via the private access road Northbrook Road.
8	Boundaries	The Council's responsibilities for maintenance will be passed on to the purchaser.
9	Utilities	The Property is connected to mains services.
10	Costs	Each party to bear its own costs
11	Purchaser's Solicitor	To be notified
12	Other conditions of sale	The parties will exchange contracts for sale on the terms outlined above, with a deferred purchase structured as follows –  <ul style="list-style-type: none"> <li>a. The Council will grant the purchaser a 6 month lease from 1<sup>st</sup> May 2013 on payment of a premium of £10,000.</li> <li>b. The purchaser will pay the Council £5,000 each month for the duration of the lease.</li> <li>c. The lease will contain an option in favour of the purchaser to purchase the freehold interest at the end of the term for £130,000.</li> <li>d. A condition will be included in the conveyance to ensure that if the property is subsequently used or developed for a more valuable, use such as housing, the additional value realised will be paid to the Council.</li> </ul>

## WIDER IMPLICATIONS

In the preparation of this report, consideration has been given to the impact of its proposals in all the areas listed below, and the table shows any implications in respect of each of these.

<b>FINANCIAL</b>	<p>Under the current lease to Orvia the Council will be entitled to a revenue stream over the next 2 years totalling some £42,000 with an uncertain future thereafter. This income is included in the Council's revenue budget forecasts for 2012-13 to 2014-15. Therefore if the Council accepts surrender in exchange for a capital sum then this will result in a shortfall in income which will need to be addressed.</p>
<b>LEGAL</b>	<p>The Council and ORVIA Properties Ltd are contractually committed to the lease until February 2015 and it can only be terminated before then by mutual agreement.</p> <p>The private road leading to Northbrook Barn is subject to a reservation for use in common with others.</p>
<b>ASSET MANAGEMENT</b>	<p>The proposed sale and use are consistent with the Council's adopted Asset Management Plan which seeks to maximise net benefit from its property assets in pursuit of strategic objectives.</p>
<b>RISK</b>	<p>There is a risk that the Church will not be able to raise sufficient funds within the term of the lease and thus present the Council with a further decision on the future of the property with consequent re-examination of the options for development and use.</p>