

## CABINET

**6 AUGUST 2013**

### **VARIOUS PROPERTY MATTERS**

Portfolio holder: Councillor Alan Jarrett, Finance  
Report from: Perry Holmes, Assistant Director Legal & Corporate Services  
Author: Nick Anthony, Head of Asset & Property Services

#### **Summary**

This report requests that Cabinet approves the:

- Disposal of the Hook Meadow Snack Bar in Walderslade Road.
- Acquisition of land in the Horsted Valley,
- Write-off of a bad debt in respect of Building Four at Chatham Waterfront,
- Disposal of land adjoining Station Approach, Strood

#### **1. Budget and Policy Framework**

- 1.1 These are matters for Cabinet as the capital value of the land for disposal may be over £100,000 per property but will be below £1,000,000 per property; the cost of purchasing the land may exceed £100,000 but will be below £1,000,000; and the value of the debt to be written off is over £25,000 and there is a budget to cover the cost of the write off.

#### **2. Background**

- 2.1 The council owns in excess of 1,000 property assets and, after staff, this constitutes the council's largest single cost. Effective asset management is therefore essential if the council is to fulfil core objectives and provide good quality, value for money services.

- 2.2 All property assets are considered in the context of the council's outcomes, objectives and key actions (as set out in the Council Plan) to ensure they contribute to the council's priorities.

#### **2.3 Hook Meadow Snack Bar**

- 2.3.1 This report brings forward a proposal for the freehold disposal of the Snack Bar (shown approximately edged black on the attached plan).

- 2.3.2 The current use of the property is a snack bar and hot food takeaway. It is located in an isolated location, not within an established retail parade and is considered to be surplus to requirements.
- 2.3.3 As it is proposed to dispose of the property as an investment the current business tenant will not be affected.
- 2.3.4 The rental income of £7,250 per annum is credited to Greenspace Services' revenue budget. There is no further rent review before expiry of the lease on 30 June 2015. The tenant is responsible for repairing and insuring the building.

## 2.4 Land in the Horsted Valley

- 2.4.1 This report requests that Cabinet delegates authority to officers to purchase approximately 2.12 hectares (5.25 acres) of open land in the Horsted Valley (shown approximately edged black on the attached plan) and to identify a suitable budget from which to vire the funding to pay for the purchase costs.
- 2.4.2 The land is within an area designated as protected open space in the Local Plan and was last used for grazing but is now becoming unkempt.
- 2.4.3 This is considered to be a strategic purchase as the council owns the surrounding land (part shown approximately hatched black on the attached plan) and its acquisition will further protect this important open space in the Horsted Valley.

## 2.5 Building Four, Chatham Waterfront

- 2.5.1 This report requests that Cabinet agrees to the write-off of a debt owed by the former tenant.
- 2.5.2 The Trustees of the Medway Branch of The Royal Air Force Association (RAFA) occupied this listed building for many years. The latest lease was granted in 1995 at a rent of £8,150 per annum plus a contribution towards shared services and insurance.
- 2.5.3 RAFA has stated that it never fully recovered from a severe financial loss in the late 1990s due to embezzlement of funds. Despite paying £13,577 over the past year, the amount still owed to the council amounts to £37,652.91.
- 2.5.4 The property has deteriorated over the years and the council has now taken back possession in order to prevent the building deteriorating further and to seek investment in its repair and restoration as part of the proposals to improve Chatham Waterfront.

## 2.6 Land adjoining Station Approach, Strood

- 2.6.1 This report requests that Cabinet delegates authority to officers to dispose of the land for additional parking spaces as part of Network Rail's scheme to improve Strood Station.
- 2.6.2 Network Rail has planning permission to provide an additional 42 parking spaces 16 of which are on land owned by the council (shown approximately edged black on the attached plan).

2.6.3 The land is located on the periphery of the council's Strood Riverside site and will not adversely affect future development.

### **3. Options**

3.1 The council can either retain the snack bar with the inherent risk of future holding costs and loss of income during void periods or dispose of its interest and reinvest the proceeds.

3.2 The council can either purchase the Horsted Valley land or not.

3.3 The council can either try to pursue the debt in respect of Building Four or it could write it off as irrecoverable.

3.4 The council can retain the land in Station Approach or dispose of it to enable the Station improvements to proceed.

### **4. Advice and analysis**

4.1 Officers have not identified any future operational need for the snack bar and the income lost as a result of the disposal could be compensated for by the council receiving a capital receipt.

4.2 Purchase of the Horsted Valley land would complete the council's land holdings in the area and permit restoration of the land, including removal of unsightly fencing and safety works to boundary trees, thus safeguarding a significant area of protected open space for future public use.

4.3 RAFA was only able to pay rent to the council because it was generating income from the hiring of the building. Now the lease has been surrendered that is no longer possible.

4.4 Disposal of the land adjoining Station Approach would benefit the council's adjoining land holdings and generate a capital receipt or create a rental income investment.

### **5. Consultation**

5.1 Consultation has taken place with the relevant Directorates and no objections to these proposals have been received.

### **6. Financial and legal implications**

6.1. The council is required to obtain best consideration when it disposes of properties.

6.2. Whilst the income received from letting the snack bar would be lost, its disposal will generate a capital receipt, eliminate ongoing property management costs and the risk of voids. The current tenant is a business tenant and has the protection of the security of tenure provisions contained in the Landlord and Tenant Act 1954 regardless of any change of landlord.

- 6.3. It is anticipated that the receipts from the sale proceeds of the snack bar and the land adjoining Station Approach Road could fund the acquisition of the Horsted valley land.
- 6.4. The council's Asset and Property Services section has made specific provision within its budget to cover bad debt. These sums are scrutinised as part of the external auditor's examination of the council's Annual Statement of Accounts and can be used to fund the write-off of irrecoverable debt.
- 6.5. Disposal of part of the council's Strood Riverside site will provide a capital receipt or create a rental income investment for retention or subsequent disposal.

## 7. Risk Management

<b>Risk</b>	<b>Description</b>	<b>Action to avoid or mitigate risk</b>	<b>Risk Rating</b>
Hook Meadow Snack Bar: - Property becomes void prior to disposal	Loss of rental income, increased management costs, and possible impact on disposal value	Declare the property surplus to requirements and place on the open market to achieve a capital receipt whilst unit is tenanted.	D3
Land in the Horsted Valley – Post acquisition fly-tipping	Potential for fly-tipping which will create cost pressure and possible health and safety issues	Ensure vehicle barrier to site is secure and maintain the land accordingly	C2
Building Four, Chatham Waterfront – Pursuit of the debt	Minimal risk if recommendation is adopted. However pursuit of the debt would incur further potentially irrecoverable costs and could be considered as inequitable	Write-off the debt.	C2
Land adjoining Station Approach, Strood – Council fails to agree disposal terms	Provision of the 42 additional car park spaces will be abandoned and the council will lose capital or rental receipt.	Agree disposal terms	C2

## 8. Recommendations

- 8.1 It is recommended that Cabinet:
- 8.1.1 Declares the Hook Meadow Snack Bar surplus and delegates authority to the Assistant Director, Legal and Corporate Services, in consultation with the Portfolio Holder for Finance, to dispose of the council's freehold interest for the best consideration reasonably obtainable.

- 8.1.2 Delegates authority to the Assistant Director, Legal and Corporate Services, in consultation with the Portfolio Holder for Finance, to purchase the freehold land in Horsted Valley on the best terms reasonably obtainable and to identify a suitable budget to vire the funding from to pay for the purchase and restoration costs.
- 8.1.3 Approves the write-off of the £37,652.91 debt accrued by RAFA, as set out in section 2.5 of the report.
- 8.1.4 Delegates authority to the Assistant Director, Legal and Corporate Services, in consultation with the Portfolio Holder for Finance, to either dispose of the freehold of the land adjoining Station Approach to, or conclude a lease with, Network Rail for the best consideration reasonably obtainable.

## **9. Suggested reasons for decisions**

- 9.1 To realise a capital receipt and reduce future revenue costs from the disposal.
- 9.2 To safeguard designated open space land for public use.
- 9.3 It is not considered practical or equitable to pursue the debt.
- 9.4 To enable expansion of the existing Station car parking and realise a capital receipt or create a rental income investment.

### **Lead officer contact:**

#### Hook Meadow Snack Bar

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#### Land in Horsted Valley

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#### RAFA, Building Four, Chatham Waterfront / Land adjoining Station Approach

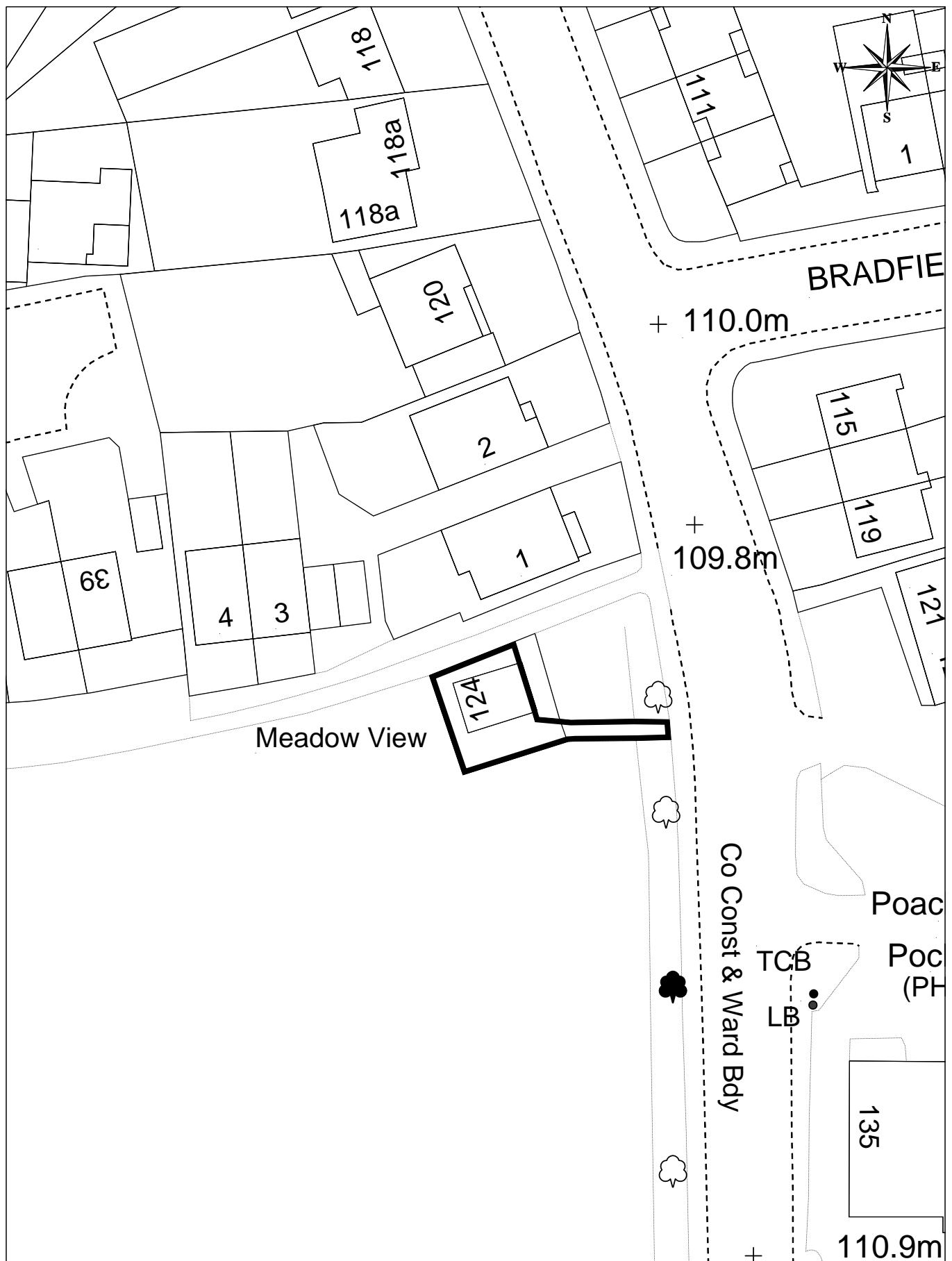
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## **Background Papers**

None





**Hook Meadow Snack Bar**  
**124 Walderslade Road**  
**Chatham**

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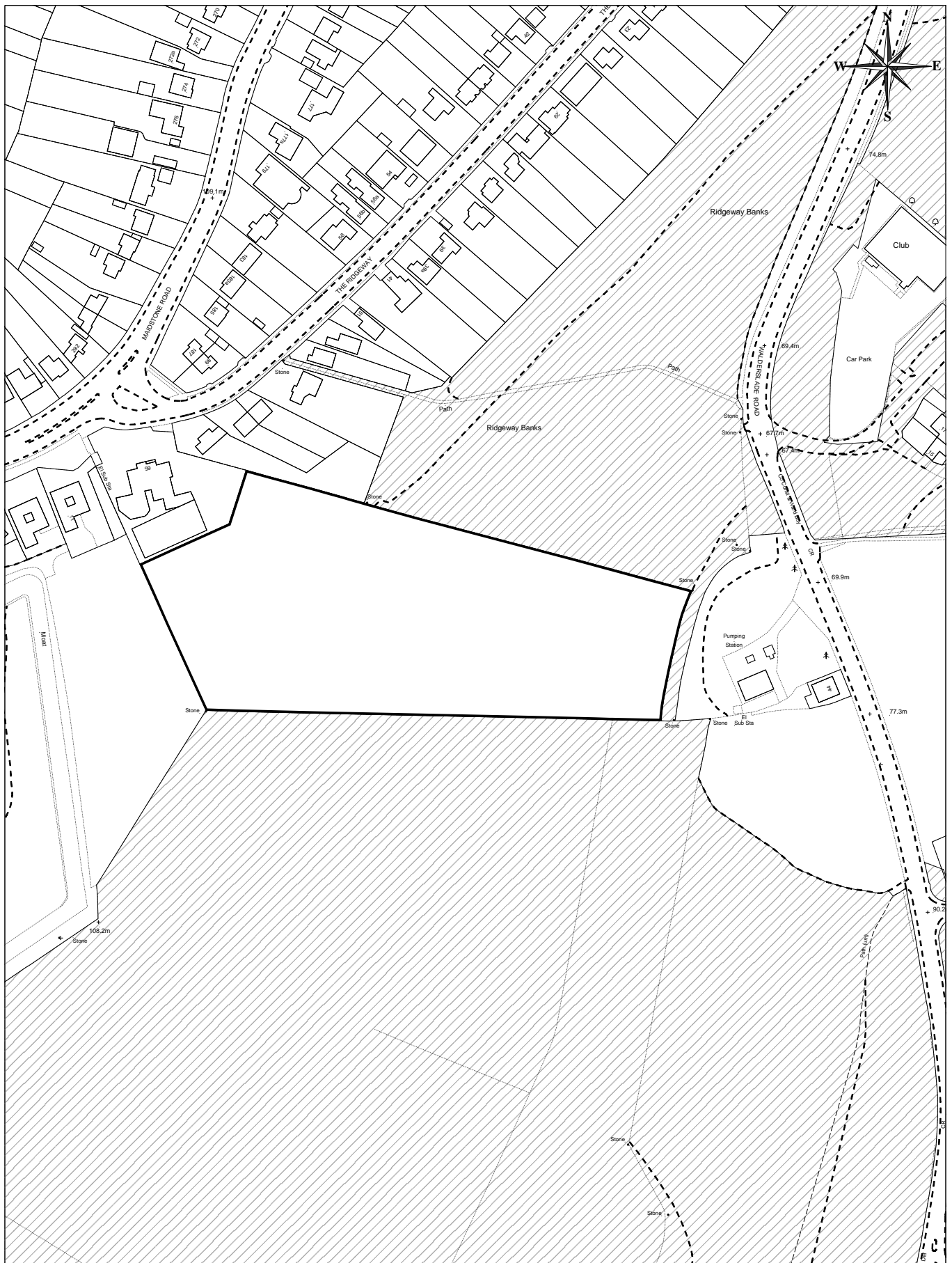


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**Land in Horsted Valley  
Chatham**



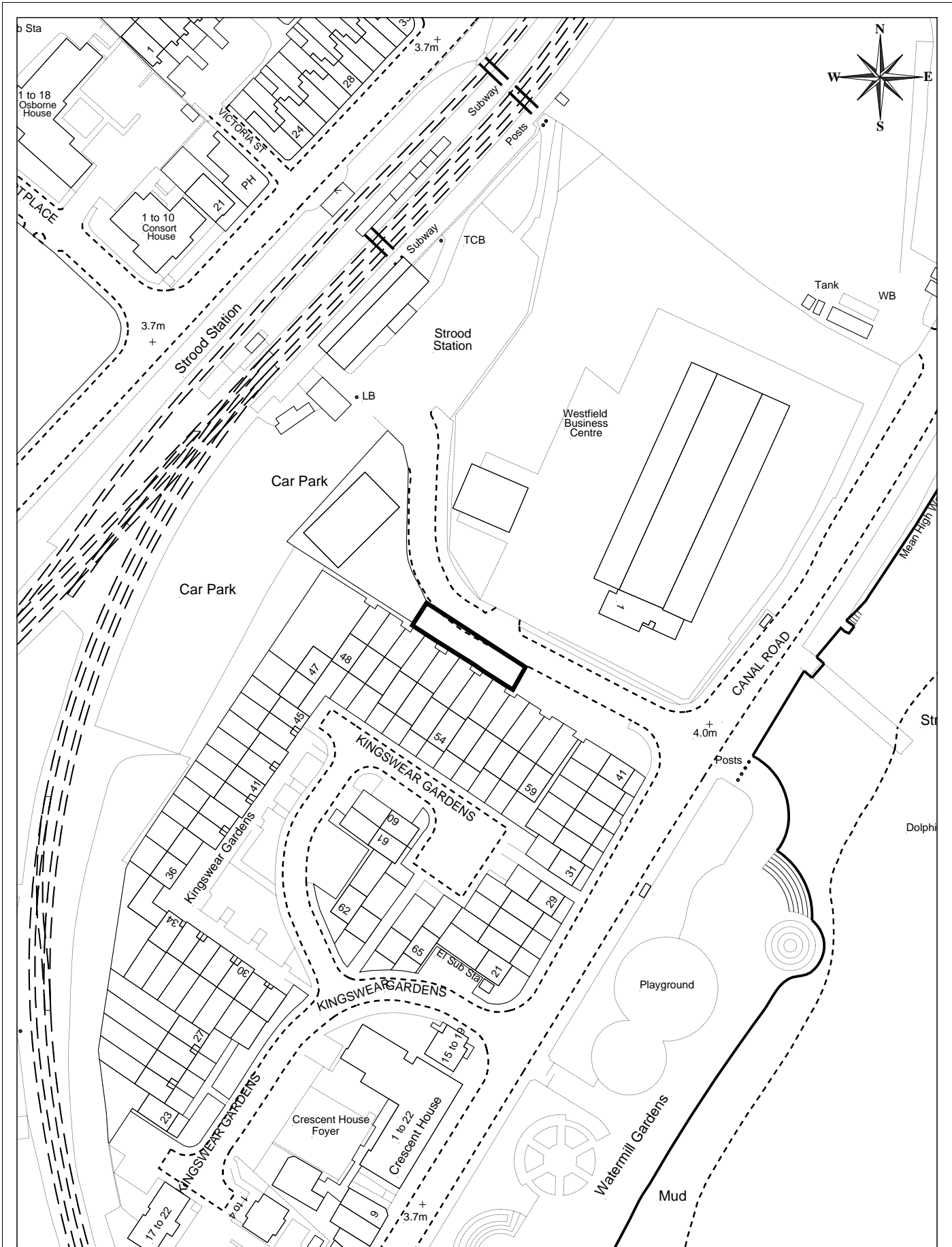
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# Proposed Car Park Extension Station Approach Road Strood

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