

**16 February 2016**

**Policy, Finance and Resources Committee**

**Wash Road Allotments**

**Report of:** *Chris Leslie, Finance Director*

**Wards Affected:** *Hutton East*

**This report is:** *Public*

**1. Executive Summary**

- 1.1. This report considers the granting of a new Lease to Wash Road Allotment Association Ltd previously occupied by Hutton Horticultural Society (HHS).
- 1.2. It is proposed that Wash Road Allotment Association Ltd take a new 5 year lease of the Allotment from 1 January 2016 at a rent of £150pa.

**2. Recommendations**

- 2.1. **That a new lease be granted to Wash Rd Allotment Association Ltd subject to the Heads of Terms set out in Appendix B.**
- 2.2. **That delegated authority be granted to the Section 151 Officer in consultation with the Monitoring Officer and Chair or Vice Chair of the Policy Finance and Resources Committee to grant leases and licences, to consent to lease assignments and any other interest in property of up to £25,000 (excluding VAT) per year on properties leased or licensed at market value.**

**3. Introduction and Background**

- 3.1. HHS have occupied the Allotment site under a lease by BBC to Hutton Horticultural Society granted from 18 February 1983 for a period of 7 years.

- 3.2. HHS have served notice terminating their interest in the site. Wash Rd Allotment Society have set up as a Ltd Company and wish to take a new lease of the allotment site for a period of 5 years at a rent of £150pa.
- 3.3. A valuation of the property has been undertaken by the Council's agent and is contained in **Appendix A**.
- 3.4. On 15 December 2015 the Committee approved delegation of market rate leases up to £25,000. There is a technical legal distinction between a lease and a license and the Committee are asked to approve recommendation 2.2 to avoid any ambiguity regarding the issue.

#### **4. Issue, Options and Analysis of Options**

- 4.1. At its meeting on 27 March 2015 the Asset and Enterprise Committee adopted a Disposals at Less than Best Consideration Policy, which this process has followed.
- 4.2. The Heads of Terms provisionally agreed for a new lease to Wash Rd Allotment Society provide for a 5 year lease at a discounted rent of £150 per annum. This is not a disposal at best consideration however given that the term is less than 7 years is exempt from the Council Policy and sections 123(1) and (2) of the Local Government Act 1972 where it is necessary to undertake an assessment of the extent to which the organisations activities contribute towards achieving the Council's aims and objectives.
- 4.3. The current market annual rental value of the property has been assessed at £570 per annum.
- 4.4. The capital under value of the property has been assessed at £1,675per annum.
- 4.5. The rent proposed by the Wash Road Allotment Association Ltd is £150 per annum.
- 4.6. The undervalue is £420 per annum.
- 4.7. The valuer's report and Heads of Terms can be found at Appendices A and B of this report.

## **5. Reasons for Recommendation**

- 5.1. To ensure continuity of the Wash Road Allotment site and proper administration of the Council's assets.

## **6. Consultation**

- 6.1. No formal consultation has been undertaken or is required.

## **7. References to Corporate Plan**

- 7.1. Community and Health: This is linked to the Council's commitment to review community assets and work with community and voluntary organisations.

## **8. Implications**

### **Financial Implications**

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- 8.1. The lease will help to ensure the Council's assets are properly administered.

### **Legal Implications**

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- 8.2. The General Disposal Consent (England) 2003 provides there is no need to seek the specific consent of the Secretary of State provided that the purpose for which the land is being disposed of by way of the lease is likely to contribute to the "promotion or improvement" of the economic, social, or environmental well-being of the area and the difference in unrestricted value of the lease of the land and the actual price paid for the lease (if any) is not more than £2 million. Government guidance (Circular 06/2003) states that 'In determining whether or not to dispose of land for less than the best consideration reasonably obtainable, and whether or not any specific proposal to take such action falls within the terms of the Consent, the authority should ensure that it complies with normal and prudent commercial practices, including obtaining the view of a professionally qualified valuer as to the likely amount of the undervalue'.

**Other Implications** (where significant) – i.e. Health and Safety, Asset Management, Equality and Diversity, Risk Management, Section 17 – Crime & Disorder, Sustainability, ICT.

8.3. None directly arising from this report.

**9. Background Papers**

None.

**10. Appendices to this report**

Appendix A – External Valuation

Appendix B – Heads of Terms

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