

## Report to Cabinet

**Subject:** Sale of land at and grant of a Right of Way over Carlton Square Car Park, Carlton and the making of a new Off Street Parking Places Order

**Date:** 2 February 2017

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## Wards Affected

1 Carlton

## Purpose

- 2 To seek approval to sell the land shown edged red in the plan at Appendix 1 (the Land) together with a right of way enabling access to it which is shown edged brown in the plan at Appendix 1 (the Right of Way). The Land and the Right of Way to it are both situated in Carlton Square Car Park, Carlton.
- 3 To seek approval to sell the Land, without selling through the tender process as defined in Standing Orders for Dealings with Land, to Queensbridge Homes Ltd (the Purchaser) for £55,000.
- 4 To seek approval to remove the Land (47 car parking spaces) from the current Off Street Parking Places Order.

## Key Decision

- 5 This is not a Key Decision.

## Background

- 6 In 2014 Portfolio Holder approval was given to enter into an option for the sale of the Land with the then owner of DBH House. For financial reasons the proposed purchaser did not enter into the option. DBH House was subsequently sold to the Purchaser.
  - 7 DBH House is situated within the potential regeneration area of Carlton Square. It was previously used as office space but, due to lack of demand, has been empty for the past 5 years. The Purchaser is intending to convert DBH House into flats which will not only bring this disused building back into use thereby aiding regeneration but could also potentially increase customer demand for the Carlton Square Shopping Area. The Purchaser has agreed that it will complete the conversion in a way that is complementary to any regeneration improvements that may take place in the area. The agreed Heads of Terms for the sale, which will be conditional upon the removal of
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47 parking spaces from the current Off Street Parking Places Order, are shown in Appendix 2. The Council has agreed to grant a licence of part of the Land up to 10 September 2018 for the purposes of the Purchaser erecting a compound in connection with its building works which it is hoping to commence as soon as possible.

- 8 The Purchaser will use the Land to create parking spaces for the flats at DBH house and will use the Right of Way as access to and from the Land.
- 9 The Land comprises of the long stay section of Carlton Square Car Park and includes 47 parking spaces subject to the Off Street Parking Places Order. However, due to low usage levels, which have occurred since 2008, this section of the car park is considered to be surplus and approval is now sought to remove this portion of the asset from the current Off Street Parking Places Order.
- 10 Carlton Square Car Park currently has 155 parking spaces. Sale of the Land would leave 108 parking spaces remaining which is considered to be sufficient for current use and future regeneration requirements.
- 11 Sale of the Land will deliver the approved base budget which assumes generation of a capital receipt. There is a cost associated with holding the Land in the form of maintenance and resurfacing estimated to be approx. £3,000 every 20 years. In addition there are drainage and business rates costs in the region of £300 payable each year. The Land does receive an income of £150 per year from two licences which allow residents to access the rear of their properties via the Land. It is intended to sell the Land subject to these licences. It is not certain whether the Purchaser will continue to provide access via the licences as they may be terminated on giving 6 months notice. The holders of these licences have been informed of the Council's intention to sell the Land. In addition, variable income is received from parking enforcement.
- 12 The Council's Estates Surveyor has assessed that the highest price that could be obtained from the Purchaser for the Property is £55,000 and this has been agreed as the sale price. Due to lack of other potential purchasers for designated car parking land which will be situated next to a Council owned car park it is considered that direct sale to the Purchaser rather than via the tender process as provided for in Standing Orders will produce the highest receipt for the Property and will not incur any unnecessary marketing costs or wasted officer time.
- 13 Even though planning and marketing advice indicates that it would not be a straightforward matter to obtain planning permission or sell the Land for a different use it is considered prudent to protect the Council's position should circumstances change in the future. For this reason there will be a restriction preventing the Land being used for anything other than for parking related to DBH House. Should the Purchaser or its successors in title ever wish or be able to use the Land for a different use it would have to revert to the Council before implementing this.
- 14 The proposed removal of the Land from the Off Street Parking Places Order will commence as soon as possible so that the process, if successful, is finalised before the DBH House flats are completed. In view of the fact that the removal of the Land from the existing Order is not considered to be a minor variation, the current Order will need to be revoked and a new Order made with the Land being excluded. Other than

this, it is intended that the new Order is on the same terms as the current Gedling Borough Council (Civil Enforcement Off-Street Parking Places) Order 2014. Before any changes can be made the Council is required to carry out statutory consultations and publicise the proposals. The Council will consider any representations made prior to the new Order coming into force and the sale will not proceed if, after consideration of those representations, it is decided that the Land should not be removed from the Order.

15 Council Standing orders for dealings with land state that

*The executive shall consult with the Chairman of the Overview and Scrutiny Committee and ward members before making any decision to dispose of any land or property other than the sale of council houses to sitting tenants pursuant to the right to buy.*

As this is a disposal other than sale of a council house the Chairman of the Overview and Scrutiny Committee and ward members have been consulted in accordance with the above. The Chairman of the Overview and Scrutiny Committee made no comment.

Ward members made the following comments:

“I do not have any objection to this.”

“I .... have no objections.”

16 Council Standing Orders also state that

*In the case of the disposal of real property other than a house or houses and where the Corporate Director assesses the value of such property to be less than £20,000 he shall adopt such method of disposal as appears to him to be appropriate in the circumstances.*

*In the case of the disposal of any other real property the sale shall be effected by tender in accordance with the following tender procedure unless the relevant Cabinet member authorises a different method of disposal after consultation with the Chairman of the Overview and Scrutiny Committee.*

As this is a disposal of real property other than a house for a value higher than £20,000 and the method of sale that is proposed is via direct sale to a special purchaser (the Purchaser) rather than via tender, the Chairman of the Overview and Scrutiny Committee has been consulted but made no comment.

## **Proposal**

17 It is proposed:

- (a) that the Land is removed from the current Off Street Parking Places Order and that Officers are authorised to take such steps as required to give effect to this;
- (b) that the Land be sold for £55,000 to the Purchaser without selling through the tender process as defined in the Standing Orders for Dealings with Land.

## **Alternative Options**

- 18 An alternative option would be to sell the Land through the tender process as defined in Standing Orders. This would enable the sale of the land to be effected in an open and transparent way with a wider audience being made aware of its availability for sale. However, sale by tender would be unlikely to achieve any higher value for the land and could incur unnecessary marketing costs and waste officer time.
- 19 Another option would be to not sell the Land. As the Land currently produces little income, has management, maintenance, business rates and drainage liabilities and there is no apparent demand for the parking spaces, the capital received from sale would appear to be a more preferable alternative. In addition, if the Council does not sell the Land there will be a resultant £5,000 adverse impact on the revenue budget due to reduced borrowing costs that have been anticipated following the budget process mentioned in paragraph 11 above. Another consequence of not selling could be that the owner of DBH House may not decide to carry out the conversion which could leave the building vacant for an even longer period.

## **Financial Implications**

- 20 The costs associated with holding the Land are in the form of resurfacing and maintaining the car park from time to time estimated to be approx. £3,000 every 20 years. In addition there are annual drainage and business rates costs in the region of £300 payable each year as well as management costs, the net proceeds of which vary according to enforcement revenue.
- 21 The income stream from the Land is in the amount of £150 per year which is received from two licences which allow residents to access the rear of their properties via the Land. This income will be lost if the Land is sold.
- 22 The sale of the Land will bring in a capital receipt for the Council of £55,000.
- 23 The Purchaser is to contribute a maximum of £3,000 towards the Council's legal costs. Sale of the asset at the proposed price will deliver the approved base budget position which assumes that a sale of the Land and the resulting capital receipt will be used to reduce revenue borrowing costs, saving £5,000 per annum.
- 24 The Purchaser will contribute towards the future maintenance of the Right of Way on a pro rata basis.

## **Appendices**

- 25 Appendix 1 Plan showing the Land edged red.
- 26 Appendix 2 Agreed Heads of Terms for the sale of the Land.

## **Background Papers**

- 27 None identified.

## **Recommendation**

### **28 THAT:**

- (a) approval is given to sell the Land direct to the Purchaser and grant a right of way over the land edged brown on the plan at Appendix 1 for £55,000 without using the tender process as defined in the Standing Orders for Dealings with Land, subject to the removal of the Land from the current Off Street Parking Places Order
- (b) the Land is removed from the current Off Street Parking Places Order and a new Order is made to reflect this otherwise on the same terms as the existing order, namely the Gedling Borough Council (Civil Enforcement Off-Street Parking Places) Order 2014 which will be revoked by the new Order
- (c) the Deputy Chief Executive and Director of Finance in conjunction with the Director of Organisational Development and Democratic Services is authorised to take all necessary steps to amend and bring into effect the relevant Car Park Order in accordance with the proposals set out in the report, including consideration of objections received pursuant to the statutory consultation and any necessary decisions pursuant to the applicable regulations.

## **Reasons for Recommendations**

### **29 The reasons for these recommendations are as follows:**

- (a) the capital receipt from entering into the sale of the Land is likely to be no less than that which could be achieved if the Land was sold in accordance with Standing Orders
- (b) sale of the Land will assist in bringing a vacant building (DBH House) back into use again, will help to regenerate the area in accordance with the Council Plan, and will help to meet the Council's target for construction of new homes
- (c) to enable a new Off-Street Parking Places Order to be made

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