



ECONOMY REGENERATION & DEVELOPMENT COMMITTEE

Monday, 22 November 2021

REPORT TITLE:	EXMOUTH STREET, SEAMUS O'DONNELLS
REPORT OF:	DIRECTOR OF REGENERATION AND PLACE

REPORT SUMMARY

This report seeks approval for a recommendation to be made to Policy and Resources Committee to dispose of the Council's freehold interest in land at Exmouth Street, Birkenhead, to the existing lessee that holds a ground lease of the site and owns the operational public house which is sited thereon.

The sale will support the Wirral Plan 2021-2026 and its delivery by generating a capital receipt and the further promotion of economic activity.

This matter affects Birkenhead & Tranmere Ward and is not a key decision.

RECOMMENDATION/S

It is recommended that the Economic, Regeneration and Development Committee requests that Policy and Resources Committee approves that:

- (1) The freehold interest of land at Exmouth Street, Birkenhead, (which is held via a ground lease with 56 years unexpired and occupied by an operational public house with a grassed area to one side), be declared surplus to the Council's requirements.
- (2) Authorisation be given to the Director of Law & Governance, in consultation with the Director of Regeneration & Place to dispose the property to the current lessee, JSM Company Group Ltd for a price of £120,000, plus payment of the Council's legal costs.

SUPPORTING INFORMATION

1.0 REASON/S FOR RECOMMENDATION/S

- 1.1 To make best use of the Council's property assets by declaring the land at Exmouth Street, Birkenhead ("the site"), surplus and to generate a capital receipt from the disposal.

2.0 OTHER OPTIONS CONSIDERED

- 2.1 The Council retains the site, let via a ground lease which expires in 2077, and continues to collect a rent of £1,550 per annum. The cost of collecting and managing the asset significantly dilutes the benefit of the income generated.

3.0 BACKGROUND INFORMATION

- 3.1 The Council owns the site, shown edged red on the plan attached to this report as Appendix 1, subject to a ground lease dated 29 April 1980 for a cleared site of 1,863sq.m (0.46 acres) adjacent to the Birkenhead Fire and Ambulance Station and residential properties on Exmouth Street. The tenant owns the property known as Seamus O'Donnell's located on the site.
- 3.2 The long lease was ambiguously drafted and has resulted in an unclear and potentially unworkable rent review provision which is an anomaly for both the Council and the tenant. The tenant has approached the Council to buy its freehold interest and remove the lease, which will free them to deal with the premises as they want, subject to planning.
- 3.3 The passing rent is £1,550 per annum, agreed at lease commencement, with rent reviews suggesting adjustments in accordance with changes in Business Rates valuations dating back to 1970s on a 10 yearly pattern. Rents, business rates and general values for this and similar public houses have seen considerable fluctuations with the most recent trend exhibiting continued falls.
- 3.4 Ground lease rents have historically remained suppressed and continue to generate little or no expectation of income enhancement from rental growth. There are benefits to the lessee acquiring the freehold interest as it will afford them the opportunity to merge the freehold and leasehold to achieve a cleaner title. This will generate an element of value enhancement which is only applicable to the lessee. £120,000 represents good value for the sale of the freehold interest.

4.0 FINANCIAL IMPLICATIONS

- 4.1 The proposal will result in a one off capital receipt of £120,000 in lieu of an annual income of £1,550. The purchaser has agreed to meet the Council's reasonable legal costs.

5.0 LEGAL IMPLICATIONS

- 5.1 The Council's Legal Services will prepare documentation which will provide for the disposal of the freehold interest.
- 5.2 The proposed sale price is considered to be the best reasonably obtainable and therefore meets the Council's duty to obtain best price.

6.0 RESOURCE IMPLICATIONS: STAFFING, ICT AND ASSETS

- 6.1 There are no IT or staffing implications arising from this report.

7.0 RELEVANT RISKS

- 7.1 Failure to complete the transaction will result in the loss of a potential capital receipt of £120,000. Should the sale not proceed the Council will continue to receive a modest income stream from the leaseholders, which will continue to absorb resources and incur costs disproportionate to the revenue received.

8.0 ENGAGEMENT/CONSULTATION

- 8.1 All discussions have been directly with the lessee

9.0 EQUALITY IMPLICATIONS

- 9.1 There are no implications for equality arising from this report.

10.0 ENVIRONMENT AND CLIMATE IMPLICATIONS

- 10.1 The property is occupied by third parties and as such the planning and environmental impact would be associated with the occupiers and/or the intermediate landlord/purchaser.

11.0 COMMUNITY WEALTH IMPLICATIONS

- 11.1 There are none relevant to this transaction.

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APPENDICES

Appendix 1 Site plan

BACKGROUND PAPERS

Registered titles relating to the freehold interest.
The Lease document

SUBJECT HISTORY (last 3 years)

Council Meeting	Date