

12. WOODLAND DISPOSAL PROJECT – PROPOSED EARLY RELINQUISHMENT OF LEASEHOLD INTERESTS IN WOODLANDS (BR)

1. Purpose of the report

This report seeks approval to (where possible) negotiate the relinquishment of leasehold interests in woodlands

Key Issues

1. Leasehold woodlands run for a finite period subject to any statutory right to extension of terms
2. Leasehold woodlands cost significant sums each year and also subject to risk management issues.
3. Relinquishment of leases meets corporate strategy to rationalize property ownership
4. Alternatives to relinquishment to owner there may be assignment or subletting
5. Owners of the woods may not wish the leases to terminate
6. Residual value of the leases may have to be foregone
7. Where possible protection measures for the special amenity of woods may be negotiated where not designated.

2. Recommendation

To authorise the Director of Commercial Development and Outreach in consultation with the Chair and Vice Chair of this committee Head of Finance and Head of Law to surrender, assign or sublet leases of woodlands where possible in relation to the 10 leasehold woods identified in Appendix 1(coloured orange) and the remaining leasehold woodlands shown in Appendix 1(coloured yellow) if they become identified for disposal in similar manner.

3. How does this contribute to our policies and legal obligations?

The Strategic Review of property undertaken by DTZ in November 2013 (section 3.10) recommended the disposal of woodlands which were no longer required to meet Authority objectives, expensive to manage and also on the basis that revenue from disposal could be utilised to secure the conservation of woodlands retained or improve woodland resource. Cautious disposal could be considered to ensure protection of the woods from any future potential for amenity damage in order to uphold the Vision Framework of the PDNPA Management Plan.

This recommendation for reduction of the woodland portfolio is reflected in Our Corporate Strategy as Cornerstone 1 Our Assets Item 1. Reducing the size of our property portfolio.

4. Background Information

The Audit, Resource and Performance meeting of 22nd January 2016 agreed the disposal of 28 freehold identified subject to any future disposals at undervalue to be approved by Head of Finance and Director of Conservation and Planning in consultation with Chair and Vice Chair of ARP (Minute No 4/16).

Members received a presentation on progress with the Woodlands Disposal Project at the Members Forum on Asset Management on 1st December 2017. This presentation is included in the report on Asset Management at today's meeting. Progress so far has concentrated on the disposals of freehold woodlands. This report concentrates on leasehold woodlands.

The ARP report referred to above stated that 'a separate review of existing leases in categories 1 and 2 will be carried out to look in more detail how best to approach the landlords about the early termination of these leases'. This wording did not however make it specifically clear that Members gave approval to leasehold disposals as well as freehold ones. Advice from the Head of Law has therefore been obtained as follows:

'The Authority's Asset Disposal Procedure requires that any disposal other than by way of open market sale must be approved by ARP. A surrender of an assignable lease to the landlord would be a disposal to a single party, and therefore would require ARP approval. Given that ARP have not given specific approval to the surrender of these woodlands, some of which are not within the original categories 1 and 2, and given that the earlier disposal programme focused on freehold woodland disposals, it would be prudent to bring these leasehold woodlands specifically to Members' attention before proceeding with early termination of the leases, some of which still have significant time left to run'.

5. Proposals

It is now proposed to negotiate the early relinquishment of leasehold interests in 10 woodlands identified coloured orange at Appendix 1 attached and marked on the plan at Appendix 2. These woodlands have been assessed as 'least' meeting the Authority's objectives.

Negotiations for the early to relinquishment of further leasehold woodlands, coloured yellow on Appendix 1, may also be entered into at a later date subject to further detailed assessment of their value in meeting objectives and when any outstanding works recommended by the Woodland Manager have been completed.

Negotiations will endeavour to relinquish leases back to the freeholders without payment and where feasible with assurances as to future woodland conservation and enhancement.

Where the owner is not interested in accepting the surrender of the lease, there is a very small possibility that the lease could be assigned or sublet to third parties.

Are there any corporate implications members should be concerned about?

6. Financial:

There is some residual value to the Authority in the remaining years of the respective leases if they ran on to their full term. These values have been assessed by the District Valuer but are relatively modest amounts totalling under £7,000 for the 10 leaseholds currently identified for relinquishment.

It has been assessed that the non-pay net cost saving to the Authority on disposal would be in the region of £1800 per annum with regard to the 10 leaseholds identified and therefore the value stated above would be recouped in a short time.

It is also accepted that the owners of the woods would be highly unlikely to accept the surrender of the Authority's leasehold interest if they had to pay and it is therefore recommended that any such value is waived.

7. Risk Management:

- Detrimental PR through disposal of Authority managed woodland
- Owners unwilling to release leaseholds
- Owners requiring an 'endowment' on relinquishment
- Terms of release failing to secure Authority objectives
- No third party interest
- Significant amount of staff time involved without any guarantee of a successful outcome
- The Authority may continue to handle any future land compliance issues

8. Sustainability:

No issue

9. Equality:

No issues

10. Background papers (not previously published)

None

Appendices

Appendix 1 - Leasehold woodland schedule

Appendix 2 - Leasehold woodland plan

Report Author, Job Title and Publication Date

Bill Robinson, Rural Surveyor, 10 January 2018