

REPORT ON BEHALF OF THE PROPERTY & PROJECTS GROUP

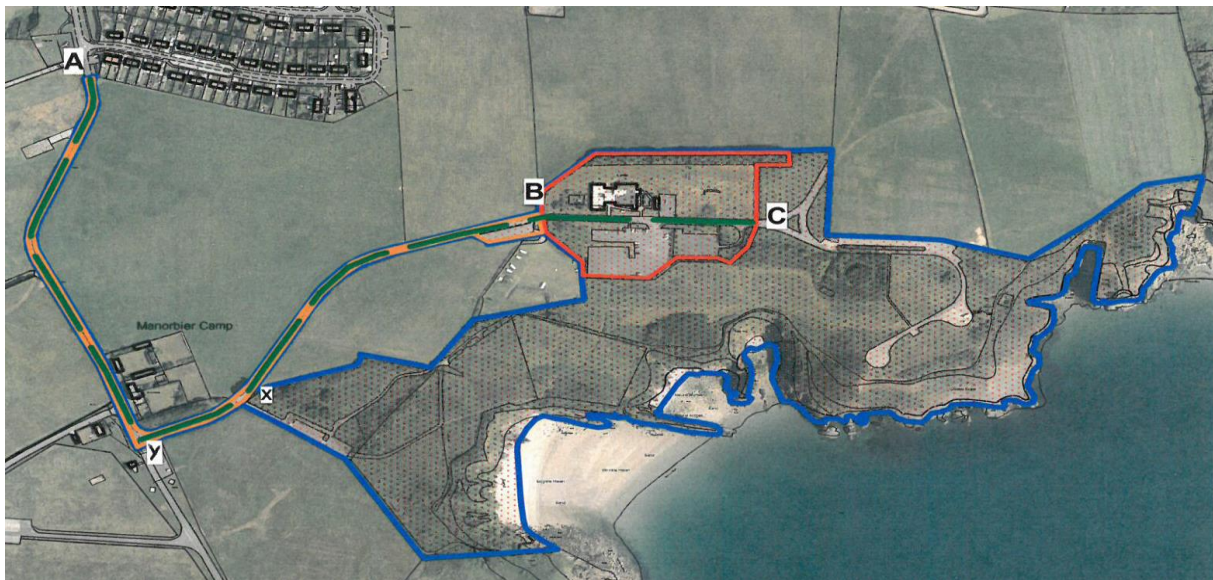
SUBJECT: SKRINKLE HAVEN YHA SITE: FREEHOLD DISPOSAL

Purpose of Report

To seek the approval of Members for the freehold sale of the Youth Hostel premises and access road at Skrinkle Haven to the Youth Hostel Association.

Background

The Authority has a significant freehold ownership at Skrinkle Haven shown edged **blue** (including the full length of the access road between 'A' & 'B' shown edged **orange**) on the annotated aerial photo below. It was acquired with full vacant possession in two separate tranches with the first and largest parcel having been purchased from the MOD in 1983 for £53,160 whilst the residue comprising a redundant sewage works was bought from Welsh Water for £3,000 in 2002. These acquisitions were made to safeguard public access to the cliff lands and to facilitate the demolition of surplus military buildings and the remnants of a former sewage works site.



Immediately following the MOD purchase, this Authority entered into discussions with the Youth Hostel Association (YHA) and Manorbier Community Council (MCC) who had both expressed interest in occupying one of the redundant military buildings i.e. the present day YHA building. The building was subsequently converted and adapted to meet the needs of the YHA and MCC and their respective occupations were regularised in 1999. As at today's date MCC have vacated, but the YHA continue to

occupy the land shown edged red which they operate as a youth hostel under a lease from this Authority with 83 years unexpired at a passing rent of £225pa.

The Authority's freehold interest is also subject to a known deeded right of way in favour of the MOD between point 'A' and the camp gates at 'Y', whilst the YHA have a contractual right of way under the terms of their long lease between point 'A' and 'B'. This Authority have full responsibility for maintaining and repairing the entire length of the access road between 'A' and 'B' but has no legal mechanism for recovering any of those costs from either the MOD or YHA. Our most recent repairs/maintenance of the access road were undertaken in 2014 at a cost of circa £50,000. It should be noted that the net cost of these repairs to the Authority was reduced to circa £37,000 following receipt of a voluntary financial contribution of £13,000 from the MOD.

The Authority's freehold ownership is split into 3 separate parcels for asset register purposes (current asset valuations in brackets) comprising the land and buildings leased to the YHA edged red (£4,000 as at 2008/9), the access road between 'A' and 'B' (£1 as at 2008/9) and the remainder cliff lands (£56,160 as at 2011/12).

Your Officers are of the opinion that the cliff lands are of significant ongoing operational value to this Authority in terms of our public access, public recreation and conservation objectives and should be retained under our direct control. The land edged red is of no operational significance to the Authority and is categorised within our asset register as an investment property. The land comprising the access road between 'A' and 'B' is a financial liability to the Authority with its only operational benefit being the physical link it provides from the end of the adopted highway at 'A' out to the cliff lands.

This Authority's current obligation to repair and maintain the access road represents a significant long term liability and your Officers have therefore entered into proactive discussions with the YHA to address this issue. These discussions have taken place to the exclusion of the rest of the market and have resulted in a negotiated offer from the YHA in the sum of £12,500 to acquire this Authority's reversionary freehold of the land edged red including the full length of the access road between 'A' and 'B'. The parties have also agreed that any such transfer would include a restriction over the future use of the subject land to that of a youth hostel and the reservation of a right of way for the benefit of the Authority's retained Cliff land along the corridor marked by the broken green line between 'A' and 'C' to include the gated access at 'X', free of any ongoing or future maintenance liability. In the absence of any wider market testing, your Officers and the YHA have jointly instructed a firm of Chartered Surveyors to provide an independent opinion of the market value of the interest under consideration. They have reported a current market value for that interest in the region of £13,000.

Your Officers are of the opinion that the proposed sale to the YHA as outlined above will have no detrimental impact on the existing levels of public access across the length of the accessway or the operational value of our retained land ownership.

Financial, Risk & Compliance Considerations

The primary objectives of this proposed transfer is to permanently relieve the Authority from its ongoing liability to maintain and repair the access road and to reasonably and prudently reduce the extent of its non-operational estate. The YHA's status as the existing long leaseholder means that they are the only legal entity with whom we can realistically treat in pursuit of all these objectives. The external valuation referred to above provides assurance that a price of £12,500 is a fair and reasonable market value. The prospect of transferring ownership of the subject land to the YHA is therefore considered to be entirely in accordance with our adopted Property Portfolio Asset Management Policy

Human Rights/Equality Issues

No issues

Biodiversity Implications/Sustainability Appraisal

No issues

Welsh Language Statement

No issues

Recommendation

That Members endorse the recommendation of the Property & Projects Group for the sale of the land coloured red including the full length of the access road between 'A' & 'B' to the YHA at a price of £12,500, subject to the Authority being permanently released from any ongoing liability to maintain the access road between 'A', 'B' & 'C', a reserved right of access for the benefit of our retained land along the access road between 'A', 'B' & 'C' and the placing of restrictions on the future use of the land to that of a Youth Hostel.