

Single Member Cabinet Decision

**Executive
Forward Plan
Reference**

E2741

97/101 Walcot St.

Grant of long lease at less than market value under Community Asset Transfer policy

Decision maker/s	Cllr Bellotti, Cabinet Member for Community Resources Cllr Crossley, Leader of the Council
The Issue	It is proposed to grant a lease at a nominal rent to a charity, Genesis Trust Bath, of premises under the provisions of the Community Asset Transfer policy. The grant required cabinet approval to authorise the Chief Property Officer to deal with the disposal of the asset, because there are no current delegations or resolutions to allow such a transfer to take place at less than best consideration
Decision Date	11 Feb. 2015
The decision	<p>The Cabinet Members agree that:</p> <ul style="list-style-type: none">-The Chief Property Officer be authorised to enter into an agreement for lease leading to grant of a lease based on the agreed heads of terms.-The Council finance a scheme of refurbishment of the existing building to an agreed specification, for a maximum investment of £100,000.- On completion of the works, Genesis will take the lease and be committed to invest a minimum of £60k capital in fitting out the building to operate their charitable organisation.-The lease reserves a market rent, which is abated to nil subject to the tenant satisfying the landlord that it uses the property only for appropriate purposes in line with its constitution and charitable aims and with the Council having an option for the return of the asset at nil consideration should this use not continue.- The lease imposes restrictions ensuring that the premises can only be used for the charitable purposes set out in the tenant's constitution.-Prior to the lease being granted, Council officers are satisfied that the tenant has in place a constitution that is robust and sufficient.-The tenant has a break option every 5 years. If this option is exercised there will be no reimbursement of costs to Genesis for the value of their investment.
Rationale for decision	<p>At its meeting of 19th February 2013 Council resolved to note the approach to Community Assets as set out and support the progression of transfers to the organisations identified. It was agreed that a number of potential organisations be identified to be taken forward and Genesis Trust was one of those listed.</p> <p>The application of this policy is in line with guidance to Local Authorities on asset transfers. The idea is to help secure community benefits in line with Council priorities and objectives by transferring property at a peppercorn rental, in exchange for arrangements</p>

	<p>designed to secure community benefits in line with Council objectives. As there are no current delegations in place to officers it is necessary to give specific authority to enter into this transaction.</p> <p>The proposals give a structure which can demonstrate the audit trail that led to the grant of a leasehold disposal at less than market value.</p>
Financial and budget implications	<p>The Council are committing £100,000 to enable the refurbishment scheme of 97/101 Walcot St.</p> <p>The proposal is to abate the rent to nil during the entire term of the lease. The estimated rental value of the property, assuming the building is in good repair, is £21,000 pa. Genesis will be committed to invest a minimum of £60,000 to carry out a scheme of improvements subject to approval from B&NES. The value of those works can be rentalised and equates to a deduction of £4,000 pa. Therefore the net revenue foregone is £17,000 pa.</p> <p>Genesis occupied other premises until 30 June 2014 which they vacated at the Council's request to make that site available for sale. The rent payable under that tenancy was £12500 pa and this revenue stream will be replaced.</p> <p>The capital input of £100,000 is included in the 2014/15 Corporate Capital Estate Planned Maintenance cost plan and this will slip into 2015/16.</p>
Issues considered	Other Legal Considerations
Consultation undertaken	Cabinet colleagues; Other B&NES Services; Community Interest Groups; Section 151 Finance Officer; Monitoring Officer
How consultation was carried out	The report has been circulated to the internal consultees listed above and any comments or amendments incorporated in to the final document.
Other options considered	None. This proposal is in accordance with the approved policy of community asset transfers in relation to one of the subject organisations identified as a "Quick Win"

Signatures of Decision Makers	
Date of Signature	
Subject to Call-in until 5 Working days have elapsed following publication of the decision	