

Bath & North East Somerset Council		
MEETING:	Council	
MEETING DATE:	14 <sup>th</sup> November 2019	
TITLE:	Surrender of lease and payment of a reverse premium: 23 Grosvenor Place, London Road, Bath BA1 6BA	
WARD:	Walcot Ward	
AN OPEN PUBLIC ITEM with exempt appendix		
<b>List of attachments to this report:</b>		
Appendix 1: Tenant and resident details ( <i>exempt by virtue of Paragraphs 1 &amp; 2 of Schedule 12A of the Local Government Act 1972</i> )		
Appendix 2: Memorandum of Heads of Terms		

## **1 THE ISSUE**

- 1.1 This report seeks approval to the agreement to approve or adapt the Policy and Budget framework, in order to surrender the existing occupational lease at the subject property, subject to payment of a reverse premium by the Council to the tenant.

## **2 RECOMMENDATION**

### **Council is asked to;**

- 2.1 Approve that a reverse premium be paid to the tenant in order to obtain vacant possession of a valuable asset, as there is currently no budget for this proposal within the budget framework.

## **3 THE REPORT**

- 3.1 Surrender negotiations have been on-going for a number of months with the tenant, resulting in the parties' agreement upon an unconditional reverse premium payable by the Council to the tenant.
- 3.2 On exchange of the surrender documentation, it is agreed that the tenant will continue to re-locate the remaining sub-tenants occupying the property with a view to obtaining full vacant possession as expediently as possible, enabling completion of the surrender and payment to the tenant of the agreed premium. (Note: this process has already commenced with the tenant

confirming that 11 out of 20 sub-tenants have been re-located as at 15.10.2019).

- 3.3 This process is not completely straightforward and will necessitate a longer timeframe in which to relocate the sub-tenants to suitable alternative accommodation. At this stage and in consideration of the previous comment, the tenant currently cannot provide a definitive timescale for achieving vacant possession. However they will endeavour to expedite matters on a formal agreement being signed.

#### **4 STATUTORY CONSIDERATIONS**

- 4.1 As the proposal is to enter into an agreement for surrender – a notice is required by section 38A (4) (a) of the LTA 1954 to be served 14 days before the agreement can be entered.
- 4.2 BANES Legal Team has therefore drafted the notice and statutory declaration to the tenant.

#### **5 RESOURCE IMPLICATIONS (FINANCE, PROPERTY, PEOPLE)**

- 5.1 There is resource implication. There is currently no budget for this proposal within the budget framework so Council approval is required.
- 5.2 Corporate Finance at BANES has been consulted and they advise the best approach is to seek approval in respect of a surrender of the lease on a walk away basis i.e. no dilapidations / repairs, at an unconditional reverse premium. The costs to be met by the eventual capital receipt received from the sale of the subject property. There will be a period of at least 9 months between payment of the reverse premium and generation of the capital receipt to allow for an appropriate marketing campaign. A PID has been drafted and submitted for approval via Directors Group, then the final decision to be taken via Single Member Decision by Councillor Samuel.

#### **6 RISK MANAGEMENT**

- 6.1 A risk assessment related to the issue and recommendations has been undertaken, in compliance with the Council's decision making risk management guidance.

#### **7 CLIMATE CHANGE**

- 7.1 None

#### **8 OTHER OPTIONS CONSIDERED**

- 8.1 None

#### **9 CONSULTATION**

- 9.1 Cabinet members; Section 151 Finance Officer; Chief Executive; Monitoring Officer.

<b>Contact person</b>	<i>Richard Long – Head of Property. Tel: 01225 477075</i>
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<b>Background papers</b>	
<b>Please contact the report author if you need to access this report in an alternative format</b>	