

| Bath & North East Somerset Council | | |
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| DECISION MAKER: | Councillor Richard Samuels, Cabinet Member for Finance and Efficiency | |
| DECISION DATE: | On or after 13 th December 2019 | EXECUTIVE FORWARD PLAN REFERENCE: |
| | | E3181 |
| TITLE: | 23 Grosvenor Place, London Road, Bath BA1 6BA :– Surrender of existing Guinness Housing Association (GHA) lease, subject to payment of a reverse premium | |
| WARD: | Walcot Ward | |
| AN OPEN PUBLIC ITEM | | |
| List of attachments to this report: | | |
| Appendix 1: Tenant and resident details (Exempt by virtue of Paragraphs 1 & 2 of Schedule 12A of the Local Government Act 1972) | | |
| Appendix 2: Memorandum of Heads of Terms | | |

1 THE ISSUE

- 1.1 This report seeks approval to the agreement 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

The Cabinet Member for Finance and Efficiency is asked to:

- 2.1 Authorise approval to surrender the tenant's Lease dated 2 February 1993 between Bath City Council and the tenant for a term expiring 1 February 2058.
- 2.2 The surrender of the lease is subject to the following conditions:
- Vacant possession
 - The tenant using best endeavours to provide vacant possession at the earliest opportunity. A longstop date for provision of vacant possession

has been agreed to be 12 months after exchange, however the tenant to endeavour to provide VP as soon as possible after exchange with Completion 14 days post vacation of the final resident should this occur earlier and at least 14 days before the longstop date

- Payment of a reverse premium by BANES to the tenant on completion of the surrender

3 RESOURCE IMPLICATIONS (FINANCE, PROPERTY, PEOPLE).

- 3.1 Council approved a budget for this proposal by amending the budget framework at its meeting on 14 November 2019.
- 3.2 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.

4 STATUTORY CONSIDERATIONS AND BASIS FOR PROPOSAL

- 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 THE REPORT

Surrender negotiations have been on-going for a number of months with the tenant.

- 5.1 Resulting in the parties' agreement upon an unconditional reverse premium payable by the Council to the tenant.
- 5.2 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).
- 5.3 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.

5.4 Housing Services are assisting the relocation of the existing tenants, including by giving them high priority status on the Homeseach Scheme, the Council's single point of access for affordable housing within the district.

6 RATIONALE

6.1 The property was converted into 20 flats in the 1970s, the majority of which are bedsits, with poor layouts. They are primarily occupied by single residents. They are now considered unsuitable for this purpose and the tenant has had a long term strategy to re-house their residents.

6.2 The agreed surrender enables the tenant to progress their long term strategy and the Council to gain vacant possession of a valuable asset.

6.3 On completion of the surrender it is the Council's intention to dispose of the vacant property on the open market.

7 OTHER OPTIONS CONSIDERED

7.1 None.

8 CONSULTATION

8.1 Cabinet members; Section 151 Finance Officer; Chief Executive; Monitoring Officer.

9 RISK MANAGEMENT

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

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