



Reigate & Banstead
BOROUGH COUNCIL
Banstead | Horley | Redhill | Reigate

REPORT OF:	DIRECTOR OF FINANCE AND ORGANISATION
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TO:	EXECUTIVE
DATE:	18 MARCH 2019
EXECUTIVE MEMBER:	COUNCILLOR MRS N.J. BRAMHALL

KEY DECISION REQUIRED:	YES
WARD (S) AFFECTED:	REDHILL WEST

SUBJECT:	DISPOSAL OF PROPERTY IN REDHILL
RECOMMENDATIONS: <p>(i) That the Executive approve the disposal of a property in Redhill to the existing lessee, as referred to in the exempt Part 2 report.</p> <p>(ii) That the Director of Finance and Organisation be authorised, in consultation with the Executive Members for Property & Acquisitions and Finance, to agree the final terms of the sale.</p>	
REASONS FOR RECOMMENDATIONS: <p>The proposed disposal is recommended as it will release latent value from the asset that can only be realised by a disposal to the existing lessee or by obtaining vacant possession and selling on the open market.</p> <p>The recommended approach will not only allow the Council to realise this value, giving the opportunity to utilise the capital elsewhere but will also ensure that the use of the property as supported living accommodation is retained.</p>	
EXECUTIVE SUMMARY: <ul style="list-style-type: none">• The property, referred to in the exempt Part 2 report, is let to a registered charity. The organisation has occupied the property since it was constructed circa 1998.• The proposed sale price, set out in the exempt Part 2 report, is subject to contract and Executive approval.• The price has been negotiated with the tenant based on an independent valuation of the property obtained by the Council.• This disposal supports the Council's 5 year plan priority of increasing the value of its property and assets.	

Executive has authority to approve the above recommendations.
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STATUTORY POWERS

1. Section 123 of the Local Government Act 1972 places a duty on Local Authorities to dispose of land and property for the best consideration which can reasonably be achieved, except in specific circumstances or with the consent of the Secretary of State.

KEY INFORMATION

2. The tenant commenced discussion with the Council for purchase of the freehold of the property as part of negotiations about renewal of the existing lease. Accordingly, we have allowed them to 'hold-over' under the terms of that lease pending the outcome of the discussions.
3. Property Services commissioned an independent valuation of the property to assess the value there could be achieved by a sale to the lessee. Details of the valuation and the marriage value released by the disposal are set out in the report that is in Part 2 of this agenda.
4. Although the tenant intend to maintain the property within its existing use, a covenant will be imposed within the sale documentation to ensure that they cannot change the use without the Council's consent.

OPTIONS

5. Renew the lease of the property to the current tenant. Details of the terms of the lease that could be agreed are in Part 2 of this report. The Council would continue to receive a modest rental income. **This is not the recommended option.**
6. Obtain vacant possession and either convert or demolish the property and rebuild, subject to planning. Housing consider that the loss of the existing use as supported accommodation would be detrimental and support the proposed recommendation as it would ensure that the property remains in its existing use. In the event that this option was pursued an Equalities Impact Assessment would be needed due to the loss of the existing use. For these reasons this option has not been considered in detail. **This is not the recommended option.**
7. Sell the freehold of the property to the tenant at market value which will unlock latent value that is currently tied up in the property. This would realise a capital receipt that could be reinvested as part of the Council's property investment strategy to produce a better return than the existing lease or could be used to invest in other capital programme priorities. **This is the recommended option.**

LEGAL IMPLICATIONS

8. Legal implications have been considered above and in the exempt Part 2 report.

FINANCIAL IMPLICATIONS

9. Financial considerations are set out earlier in the report. Additional financial implications are set out in the exempt Part 2 report.

EQUALITIES IMPLICATIONS

10. Equalities implications are considered to be neutral as there is no change in the existing use of the property.

COMMUNICATION IMPLICATIONS

11. There are no communication implications.

RISK MANAGEMENT CONSIDERATIONS

12. There are no risk management considerations.

OTHER IMPLICATIONS

13. There are no other implications.

CONSULTATION

14. The Executive Member for Property & Acquisitions, the Director of Finance and Organisation, the Interim Head of Finance and Assets and the Head of Housing have been consulted.
15. No further consultation is planned.

POLICY FRAMEWORK

16. The proposed disposal, supports the Council's priority to increase the value of the Council's property and assets.

Background Papers:

None.