

Lease of Residential Property to Tunbridge Wells Property Holdings Limited

For Finance & Governance Cabinet Advisory Board on 12 January 2021

Summary

Lead Member: Councillor Tom Dawlings – Portfolio Holder for Finance and Governance

Lead Director: Lee Colyer Director of Finance, Policy & Development (S151 Officer)

Head of Service: David Candlin, Head of Economic Development and Property

Report Author: John Antoniadis, Estates Manager

Classification: Public document (non-exempt)

Wards Affected: St James'

Approval Timetable	Date
Management Board	16 December 2020
Portfolio Holder	21 December 2020
Finance & Governance Cabinet Advisory Board	12 January 2021
Cabinet	04 February 2021

This report relates to the following corporate priorities:

A Prosperous Borough – by making optimal use of the Council's land and property assets the burden upon local tax payers is minimised.

Recommendations

Officer / Committee recommendations as supported by the Portfolio Holder:

1. To extend the list of residential properties from the Council's portfolio that will be leased to and managed by Tunbridge Wells Property Holdings (TWPH) Limited.
2. Packs in the Wood is recommended for leasing to TWPH Limited with a view to more intensive property management without delay.

3. The lease to be dealt with under delegated authority to the Director of Finance, Policy and Development in consultation with the Portfolio Holder for Finance and Governance and
4. To delegate to the Director of Finance, Policy and Development in consultation with the Monitoring Officer, the Portfolio Holder for Finance and Governance the authority to complete all necessary negotiations, legal processes and legal documentation to complete the granting of this lease.

1. Introduction and Background

- 1.1 Cabinet approved an initial list of properties for leasing to TWPH Limited on 9 April 2015. Subsequently further properties were added with Cabinet authority giving a current total of nineteen residential units now leased to TWPH Limited.
- 1.2 Property and Estates undertake a continuous review of the Council portfolio to identify flats and houses that will offer benefit from property management by TWPH Limited. In future, further residential properties will be identified that will extend the current list of properties for leasing to TWPH Limited. Whilst a full list of further properties is being considered, it is preferable to act on the one property currently identified.
- 1.3 Should any of the properties be needed at any stage for development by the Council, TWPH Limited can be directed by the Council, as sole shareholder, to surrender the relevant lease.

2. Options Considered

- 2.1 **Option 1:** Do Nothing – there is no advantage in doing nothing. This option would risk inactive management, and the property would be less attractive to future investors.
- 2.2 **Option 2:** Lease to TWPH Limited – the disadvantage includes marginal extra costs in property management, although future financial returns would more than pay for the extra activity; these costs have already been considered and approved by Cabinet. Major advantages will include the ability of moving forward with flexible arrangements to occupiers, and in preparing properties for future investment decisions.

3. Preferred Option and Reason

- 3.1 **Option 2:** is clearly preferred as it conforms to the policy direction of the Council in optimising the use of Council-owned property, whilst maximising economic returns.

4. Consultation on Options

- 4.1 This report is going through the process set out in the Constitution to obtain the relevant Cabinet authority.
- 4.2 Management Board approved the Report for consideration of Finance & Governance Cabinet Advisory Board which is due to be held on 12 January 2021.

5. Implementation

- 5.1 The call in period for the Cabinet decision ends 5 clear days from the date Cabinet decision is published.

6. Appendices and Background Documents

The following documents are to be published with and form part of the report:

- Appendix A: Plan for Packs in the Woods

Cabinet report of 9 April 2015 at item 8 from following link: -

<https://democracy.tunbridgewells.gov.uk/meetings/ieDecisionDetails.aspx?AllId=11438>

7. Cross Cutting Issues

A. Legal (including the Human Rights Act)

The Council has power under section 123(1) of the Local Government Act 1972 to dispose of land and property in any manner that it wishes. The proposed disposal must be for the best consideration reasonably obtainable otherwise the consent of the Secretary of State will be required subject to certain conditions.

As the property is situated on open space land (as defined by statute) the Council must advertise its intention to grant the lease in a local newspaper for two consecutive weeks and consider any objections to the proposed lease that may be made to them.

There are no human rights issues arising from this report.

Claudette Valmond, Principal Solicitor - Commercial

B. Finance and Other Resources

The lease values will be at market rate so will yield at least the same revenue as if they had remained with the Council. TWPH is a wholly owned subsidiary of the Council and all benefits derived from the company are enjoyed by the Council. Any future

development/maintenance work to these properties will need to be considered carefully to ensure that the Council remains within its VAT Partial Exemption limits.

Jane Fineman, Head of Finance, Procurement and Parking

C. Staffing

There are no staffing implications.

Nicky Carter, Head of HR, Customer Service and Culture

D. Risk Management

No impact.

John Antoniadou, Estates Manager

E. Environment and Sustainability

The report does not raise any environmental issues

John Antoniadou, Estates Manager

F. Community Safety

There are no consequences of concern arising from this report.

Terry Hughes, Community Safety Manager

G. Equalities

The decisions recommended through this paper have a remote or low relevance to the substance of the Equality Act. There is no apparent equality impact on end users.

Ingrid Weatherup, Corporate Governance Officer

H. Data Protection

No specific issues.

John Antoniadou

I. Health and Safety

No specific issues.

Mike Catling, Corporate Health and Safety Advisor

J. Health and Wellbeing

No specific issues.

Rebecca Bowers

Health Improvement Team Leader