

**REPORT FROM: CHIEF EXECUTIVE**

**TO: POLICY AND RESOURCES COMMITTEE**

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## **SWAN PLACE, COLNE – SURRENDER OF LEASE**

### **PURPOSE OF REPORT**

To seek approval from Members to a request received from the long leaseholder of the above apartments to Surrender their lease back to the Council.

### **RECOMMENDATIONS**

- (1) That Members agree to allow the Surrender subject to agreeing terms and conditions.
- (2) That Members delegate consent to the Council's Chief Executive Officer to agree terms and conditions of a surrender.

### **REASONS FOR RECOMMENDATIONS**

- (1) To avoid any uneconomic expenditure required to address fire safety concerns discovered at the property for the Council and for the tenant.
- (2) To ensure that the terms of surrender agreed do not burden the Council as freeholder and can be concluded quickly.

### **ISSUE**

In 2007 the Council granted a 125 year lease of part of the upper floor of Colne Market Hall, comprising the apartments and the garage colony to the rear of the Market Service Area, to Housing Pendle, now part of the Together Housing Group, as part of the Housing Stock Transfer process. Under this lease pedestrian and vehicular access rights were also granted. Housing Pendle transferred its interest in this property to Together Housing Association Limited in 2016.

A Peppercorn rent is paid and the Council maintains the structure in good order but is able to recharge a fair proportion of any costs incurred to the tenant if required. Together Housing is responsible for the upkeep of the apartments, internal corridors and accesses including all services, conduits and alarms.

Prior to Housing Stock Transfer the Council sold one of the apartments, under the Right to Buy Scheme, to the then tenant who has passed away and it is currently privately owned and let to a private tenant. This would have to be acquired as part of any surrender back to the Council.

A recent fire risk assessment carried out for Together Housing has identified compartmentalisation issues in the roof space between the apartments and the market hall below. Whilst the whole building is equipped with a fire and smoke detection system, which is now monitored and there are several fire escape routes within the building, there are real concerns that in the event of a serious fire, containment may be affected by the current insufficient compartmentalisation provision.

Members are advised that the issues raised can be remedied but the cost of doing so is considered to be uneconomical and Together Housing intend to relocate its tenants elsewhere. In addition the apartments are not as much in demand as in previous times and the building is not DDE friendly as it lacks provision of a lift. In recent months there have also been issues with Market Hall security following a number of break-ins and attempted break-ins which appear to have been perpetrated through access from the apartments above. With this in mind the Council has been asked if it will accept a Surrender of the long leasehold interest.

If the Council refused the request Together Housing would most likely decant tenants in any event and not use the building. The Council currently doesn't have an alternative use for the apartments at the moment and if Members agree to accept the surrender it should consider doing so subject to a number of conditions as suggested below, namely that Together Housing agree to:

- acquire the privately owned apartment and transfer ownership to the Council at nil cost
- clear the upper floor of fixtures and fittings
- carry out works to make redundant accesses from the outside secure
- carry out works to terminate all utilities, services and connections
- carry out works to secure the balconies and French windows to the front elevation (subject to receipt of all necessary consents)
- bear the Council's incurred in negotiating and completing any legal formalities and disbursements
- the registered title contains two restrictions in the register (In favour of Prudential Trustee Company Limited and the Housing Corporation - both will have to be removed prior to surrender of the long lease to the Council)

In terms of holding costs if Members agree the surrender;

- If the first floor is mothballed we are advised that the first floor can be taken out of Rating and the Council would not have any ongoing liability for Council tax or Business rates.
- Utility costs would not be incurred as there would be disconnections carried out where possible and there would be no consumption of electricity or gas.
- Due to the distribution of water pipes and layout it would be difficult to disconnect water supplies to the first floor however again there would be no consumption and thus no costs incurred. Legionella management is currently carried out for the whole of the building
- The building has an integrated fire alarm which is monitored and would require servicing however the cost is considered to be minimal and can be simplified.
- Nil or limited maintenance costs would be incurred within the space.
- The Council are already liable for the external envelope of the building.

## **IMPLICATIONS**

**Policy:** There are no implications arising from the surrender.

**Financial:** The Council receives a Peppercorn rent and thus a surrender will not have any revenue implications.

Agreeing a surrender on terms as suggested above would ensure that the Council do not incur any costs arising from the works required.

Advice from the Revenue and Benefits Team Leaders suggest that if mothballed the apartments will be removed from the rating system.

Holding costs would be minimal.

The return of the garage colony allows the Council the potential to generate rental income from Market traders or members of the public requiring storage.

**Legal:** The Council will have to formally agree terms of surrender.

**Risk Management:** The surrender and cessation of use as residential accommodation would reduce the risk of fire and harm to occupiers and visitors to the apartments and the market hall below.

**Health and Safety:** Refer to Risk Management implications above

**Sustainability:** There are no implications arising from the surrender.

**Community Safety:** Refer to Risk Management implications above

**Equality and Diversity:** There are no implications arising from the surrender.

## **APPENDICES**

N/A

## **LIST OF BACKGROUND PAPERS**

Location Plan.