

WELWYN HATFIELD BOROUGH COUNCIL
CABINET – 7 MARCH 2017
REPORT OF THE EXECUTIVE DIRECTOR (RESOURCES ENVIRONMENT AND
CULTURAL SERVICES)

SURRENDER OF RESIDENTIAL LEASES BY THE NHS

1 Executive Summary

- 1.1 The purpose of this report is to seek authority to accept an early surrender of two properties held by the East and North Herts NHS Trust (E&NHT) that they no longer require.
- 1.2 E&NHT have already served a termination to bring the lease to an end, which comes into effect on 9th July.
- 1.3 Both properties are held within the Housing Revenue Account (HRA) and it is recommended that, subject to the E&NHT doing any works required prior to handing back the properties under the terms of the lease, the early surrender is accepted and the properties are returned for re-letting by the housing team.

2 Recommendation(s)

- 2.1 That Cabinet agree to accept an early surrender of these two properties so that they can be added to the housing stock and re-let.
- 2.2 That Cabinet note that prior to accepting the early surrender, a property inspection will be carried out and a schedule of dilapidations prepared according to the lease terms which E&NHT will need to remedy prior to the acceptance of the early surrender of this lease.
- 2.3 There is no delegation within the Constitution to accept a surrender unless it is linked to a re-grant of a new lease to the same or a different party. This is only a surrender if possession is accepted ahead of the actual break date.

3 Explanation

- 3.1 This report relates to two properties; 330 Howlands and 3 Little Lake. Both properties are held by East and North Herts NHS Trust [E&NHT]. Both are held on leases dated 19th August 2014 and are not due to expire until 18th August 2019. Both properties currently generate a rental of £8,000 per annum
- 3.2 Both leases can be brought to an end by the tenant on the service of 6 months' notice. They have already served notice, which comes into effect on 9th July 2017. However, these properties are now surplus to the E&NHT's requirements and rather than waiting for the full notice period, they have asked if the Council would be willing to accept an early release.
- 3.3 The properties are within the Housing Revenue Account and the recommendation is that they are relet as social housing stock.

- 3.4 The aim of this report is to seek approval to an early acceptance of these properties back from the E&NHT.
- 3.5 This is subject to the properties being returned in the required condition with the tenant's obligations fully met as a condition precedent.

Implications

4 Legal Implication(s)

- 4.1 The E&NHT have already served notice to break these leases with effect from 9th July.
- 4.2 The leases require the tenant to return the properties cleared, in good and substantial repair and condition and there is an obligation to redecorate before they are returned. The tenant's compliance with these obligations will need to be confirmed by Director (Housing and Community) before the surrender is accepted.
- 4.3 To avoid any legal costs that might otherwise be incurred, it is proposed to accept a "surrender by action of law" as opposed to using a deed.

5 Financial Implication(s)

- 5.1 By accepting the surrender, the Council will be foregoing the difference between the current income and the new rent chargeable once the properties are returned to the social housing stock.
- 5.2 The difference between the acceptance of the early surrender and the formal notice period is a maximum of four months.
- 5.3 The current rent charged is £8,000 per annum per property. The social housing rents charged will be £6,384 per annum (Howlands) and £6,294.50 per annum (Little Lake). The annual difference is therefore £1,616 and £1,705.50 respectively – which for the four month period is a rental loss of £538.67 and £568.50 respectively.

6 Risk Management Implications

- 6.1 The risks related to this proposal are:
- 6.2 If the recommendations in this report are accepted, there will be a reduction in rental income received, as set out in 5.3. However if early surrender is not accepted, whilst the rental income will be paid, the properties may be vacant for a period of time, as the E&NHT do no plan to reoccupy them. This creates a reputational risk for the council.

7 Security & Terrorism Implication(s)

- 7.1 None

8 Procurement Implication(s)

- 8.1 None

9 Climate Change Implication(s)

9.1 None

10 Link to Corporate Priorities

10.1 The subject of this report is linked to the Council's Corporate Priority Meet the borough's housing needs and specifically to Plan for the housing needs of our communities.

11 Equality and Diversity

11.1 An Equality Impact Assessment (EIA) has not been carried out in connection with the proposals that are set out in this report as it relates to a property surrender.

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