

DECISION NO:

For Member Services use only

Concurrence No:

066301

Action under delegated authority of Chief Executive

X

**Action under delegated authority of Director of Finance
and Cabinet Member for Finance**

**Action taken by Chief Executive in consultation with
Cabinet Member(s)**

Subject: Lease renewal Grove House / Rye Road

Signature and designation of officer(s) taking action:

Chief Executive

Date

Director of Finance

Date

Head of Finance

Date

**Name of Cabinet Member(s)
Consulted:**

I have been consulted and concur with
the proposals set out below:

Councillor

Cabinet Member for

Signature:

Date:

Councillor

Cabinet Member for

Signature:

Date:

Name of any member who has declared a
conflict of interest in relation to this decision: _____

THIS DOCUMENT WILL BE PUBLISHED ON THE COUNCIL'S WEBSITE

**The report overleaf sets out the decision to be taken, the reasons for the
decision, and the details of alternative options, if any, considered and rejected.**

**Officer decisions are available for public inspection, both at the Borough
Offices and on the Council's website, for a period of six years after the
decision is made. Background papers are available for four years.**

RECOMMENDED that:

Approval is given for an exception to Contract Standing Orders to extend the leases of 38 units of accommodation at Grove House and Rye Road from B3 Living Housing Association for a period of five years.

Purpose

To request an exception to Contract Standing Orders, to allow the lease agreements with B3 Living in respect of hostels at Rye Road (aka 'Clopton House'), Hoddesdon (4 units) and Grove House, Cheshunt (34 units) be extended for a period of five years.

The Project

In June 2012 the Council leased Rye Road Hoddesdon from B3 Living for a period of five years at a lease of £20,000 per annum (currently £21,729 per annum). The lease has not been renewed and is currently 'holding over' on the same terms (save the rental). On 16 July 2013 the Council agreed to lease Grove House, Cheshunt (34 units) for a period of five years at a cost of £120,000 per annum in years 1 and 5 and £130,000 in years 2-4.

B3 Living has agreed to extend both leases for a further five years (backdated to when the previous leases expired) on the following terms:

Grove House

The current rental paid by the Council is £175,000 per annum.

Year	£
2018/19	175,000
2019/20	175,000
2020/21	175,000 + RPI
2021/22	2020/21 amount + RPI
2022/23 onwards	2021/22 amount + RPI

Rye Road

The current rental paid by the Council is £21,729 per annum.

Year	£
2017/18	21,729
2018/19	21,729
2019/20	21,729
2020/21	21,729 + RPI
2021/22	2020/21 amount + RPI
2022/23 onwards	2021/22 amount + RPI

There are no other changes to the leases. The Council is responsible for the day to day management and maintenance of the properties. It sets and collects the rent payable by tenancy and allocates the units to applicants applying to suitable tenants whom that Council has a duty towards.

In this regard the two facilities will continue to be fully and seamlessly incorporated into the existing management arrangements for the portfolio of hostels operated by the Council.

Both facilities have been experiencing around 97% occupancy over the past 12 months.

It is therefore in the Council's best interests to extend the existing leases. Grove House is the larger property and is in close proximity to the Borough Offices, therefore enabling close contact with clients.

Financial, Legal and Risk Management Implications

Financial

Based on 90% occupancy the rental achievable for Grove House would be £347,000 and Rye Road £41,000. The cost of repairs and maintenance would typically amount to £50,000 per annum. The cost of Council Tax and utilities is recovered through service charges. The proposal would enable the Council to recover its costs.

Legal

The proposal would enable the Council to continue to have access to an accommodation resource which allows it to discharge statutory obligations on homelessness more effectively. The proposal would require the Council to sign a revised contract with the owners prior to the agreement continuing.

Risk

Homelessness is an area of high risk for the Council. However, this proposal is designed first and foremost to mitigate financial risk as the resource represents better value for money than the alternatives, and will ensure continuity in provision for the 38 households currently occupying these facilities (and who would otherwise need to be found alternative accommodation).

Alternative Options Considered and Rejected

The alternative is to not renew the lease. However, as these units are significantly cheaper than the market average and are in the Borough of Broxbourne, this would not be in the Council's best interests, not least because the current occupants would have to be rehoused elsewhere.

Contribution to the Council's Objectives

This proposal contributes to the objective of helping residents affected by homelessness and disadvantage.

Conclusion

This represents an opportunity to maintain a resource of accommodation that has been central to the existing portfolio of temporary accommodation for many years.

It is therefore, recommended that an exception to Contract Standing Orders be approved to allow the lease to be extended.

Action reported to the Cabinet on:
