

Cabinet Member for Business, Enterprise and Employment

24<sup>th</sup> August 2015

**Name of Cabinet Member:**

Cabinet Member for Business, Enterprise and Employment - Councillor Maton

**Director Approving Submission of the report:**

Executive Director of Place

**Ward(s) affected:**

**Allesley**

**Title:**

1a Durham Crescent, Coventry, CV5 9GA – Surrender of Lease and Sale of Property

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**Is this a key decision?**

No

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**Executive Summary:**

The property, 1a Durham Crescent, Coventry is in the freehold ownership of Coventry City Council and is subject to a lease dated 9<sup>th</sup> November 1972 to Abbeyfield UK (who are now known as The Abbeyfield Society). The Term of the lease is 99 years commencing on 2<sup>nd</sup> November 1970 and is granted at a peppercorn rent and has 54 year unexpired. Until recently Abbeyfield ran the property as a home for the elderly but have closed the home which is now surplus to their requirements and vacant. The ground lease from the Council contains a prohibition against an assignment of the lease, so Abbeyfield is unable to dispose of its ground lease to anyone other than the Council.

Abbeyfield have approached the Council seeking to surrender the lease and terms have been agreed on the basis of a simultaneous surrender of the lease and sale of the freehold interest in the property with the proceeds of sale being split between the Council and Abbeyfield.

In order to obtain best consideration for the freehold interest, the property will be offered for sale at auction.

**Recommendations:**

The Cabinet Member is recommended to:

1. Approve the agreement to sell the Council's freehold interest at auction with the proceeds of sale being split between the Council and Abbeyfield UK on the basis reported and simultaneously accept a surrender of Abbeyfield ground leasehold interest.

2. Delegate authority to the Executive Director of Resources to complete an Agreement to Surrender, a Deed of Surrender and sale of the freehold interest in the property.

**List of Appendices included:**

Plan

**Other useful background papers:**

None

**Has it been or will it be considered by Scrutiny?**

*No*

**Has it been or will it be considered by any other Council Committee, Advisory Panel or other body?**

*No*

**Will this report go to Council?**

*No*

**Report title: Sale of 1a Durham Crescent, Coventry, CV5 9GA -Surrender of Lease and Sale of Property**

**1. Context (or background)**

- 1.1 The property has, until recently, been occupied by The Abbeyfield Society under a 99 year ground lease from Coventry City Council for use as a home for the elderly which has 54 years unexpired. The home has now closed and the property is surplus to their requirements. Abbeyfield are unable to dispose of their ground lease interest as the lease contains a complete bar on assignment and user provisions that restrict the use to a home for the elderly and have therefore approached the Council seeking to surrender their lease. The Council has no operational or service requirements for the property.
- 1.2 Following negotiations with Abbeyfield provisional agreement has been reached that the Council's freehold interest in the property will be offered for sale at auction and on completion of the sale there will be a simultaneous surrender of Abbeyfields lease to enable the purchaser to hold the unfettered freehold interest.
- 1.3 Proceeds of the sale are to be split between the parties, with the Council receiving 85% of the value with Abbeyfields receiving the balance of 15%.

**2. Options considered and recommended proposal**

- 2.1 The recommended option is to agree to the proposal, which involves the surrender of the long lease to Abbeyfield and disposal of the Council's freehold interest in the property for a capital receipt.
- 2.2 A second option was to refuse the request. The lease to Abbeyfield will continue, the property will remain empty and the Council would not receive a capital receipt.
- 2.3 It is recommended that the Council accept the proposal and look to a simultaneous sale of the freehold interest at auction and accept a surrender of Abbeyfield's lease on the basis of the terms set out above.

**3. Results of consultation undertaken**

- 3.1 None

**4. Timetable for implementing this decision**

- 4.1 Providing that Cabinet Member approval is secured it is expected that this receipt will be received within this financial year.

**5. Comments from Executive Director of Resources**

- 5.1 Financial implications

This decision, if approved, will generate a capital receipt, which will contribute to the Council's planned programme of capital disposals. The disposal programme, in line with Corporate Policy supports the Medium Term Financial Strategy which is helping to deliver a

number of major regeneration and growth projects within the City. The proceeds of sale will be shared with Abbeyfield on an agreed basis.

## 5.2 Legal implications

If sold at auction the sale of the freehold will represents best value reasonably obtainable by the Council. This meets the Council's obligations to obtain best value under the requirements of section 123 of the Local Government Act 1972.

Officers within legal service with complete the documentation for the surrender of the lease and freehold disposal.

## 6. Other implications

**6.1** The receipt will contribute to the Council maintaining a balanced budget in the medium term thus helping preserve services for the people of Coventry.

### 6.2 How is risk being managed?

This is a capital receipt, there are no risks.

### 6.3 What is the impact on the organisation?

There is no significant impact on the organisation arising from this proposal. An opportunity has arisen for the Council to receive a capital payment and this opportunity has been realised.

### 6.4 Equalities / EIA

This is a property transaction and an Equality Impact Assessment is not required.

### 6.5 Implications for (or impact on) the environment

There are no implications for the environment.

### 6.6 Implications for partner organisations?

There are no implications for partner organisations.

#### Report author(s):

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