

NEW LEASES AT LESS THAN BEST RENT: 17 UPHERD'S LANE & 1a UPHERD'S LANE, ELY

To: **Commercial and Investments Committee**

Meeting Date: **14th September 2018**

From: **Chris Malyon, Deputy Chief Executive**

Electoral division(s) **Ely South**

Forward Plan ref: **N/a** *Key Decision:* **No**

Purpose: **To consider two new leases at less than best rent.**

Recommendation: **It is recommended that:-**

- a) Members approve the lease of both properties at Upherd's Lane, Ely to Cambridge Housing Society at less than best market rents.**

<i>Officer contacts:</i>		<i>Member contact:</i>	
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<u>Cambridge & East Cambs Accommodation Service (Respite Supportive Living Team):</u>			
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1. BACKGROUND

- 1.1 Cambridge Housing Society (CHS) Group is a non-profit making social enterprise. It provides homes and community support to over 9,000 people in Cambridgeshire, particularly providing caring services to adults at risk.
- 1.2 17 Upherd's Lane and 1a Upherd's Lane (also known as Jasmine House) are supported living establishments, housing three and six service users respectively. The occupants are adults with learning difficulties, some of whom have lived in these properties for some time.
- 1.3 The supported living service is provided by Cambridge and East Cambs Accommodation Services (CEAS) which is part of Cambridgeshire County Council's People and Communities Directorate. Up to 10 CCC staff support the adults living at these properties with some staff in attendance 24/7.
- 1.4 CEAS have well developed links with CHS as a lease partner. These leases allow them to support the service users to maintain as much independence as possible, while providing a safe and stable home for each of them, while avoiding any Right to Buy issues which might arise if the Council was the direct provider to the occupants.
- 1.5 S123 of the Local Government Act 1972 require disposals of leases to be for "best consideration" unless Members approve otherwise.

2. MAIN ISSUES

- 2.1 Cambridge Housing Society (CHS) Group currently occupies both properties under 5 year contracted out leases since 2013 with a rent payable of £6,000 and £9,500 respectively. The leases are due for renewal.
- 2.2 The current market rent estimate for No 17 Upherd's Lane is £6,800 pa and for No 1a £10,800 pa.
- 2.3 CHS Group have proposed a rent of £2,470 pa for No 17 and a rent of £4,600pa for No 1a which would mean a shortfall of £10,530 on market estimates and would be less than "best consideration" and require Member approval.
- 2.4 The proposed rent is the rent surplus after costs are taken into account. See Appendix 1 for more detail on the lease projections and business plan assumptions made by CHS. In support of the reduced rent CHS say that they ran the properties at a loss in 2016/17.
- 2.5 CHS income at these properties is from the tenants who receive Local Housing Allowance (LHA) which is how Housing Benefit is paid to private sector tenants. LHA rates are based on lower levels of market rents in the area and tenants do not get paid more if the actual rent is higher, which is the case with these two properties. The Government has not yet clarified how to fund the additional costs of rents and housing related services above Local Housing Allowance level.
- 2.6 Seven year leases contracted out of the security of tenure provisions of the Landlord and Tenant Act 1954 are proposed, with break clauses after 3 and 5 years. The tenant would

not have an automatic right to renew the leases and it would enable the required break clauses to be effective.

- 2.7 **Building Condition.** Both properties are in a reasonable state of repair and condition for their age, current and future use with CHS are responsible for all internal repairs and maintenance and all outgoings for the provision of the services from the two properties. The Council is responsible for the exterior and structure and lifts.
- 2.8 No 1a has a lift to the first floor which is in need of renewal. The Council currently maintains and services this lift but it has been out of action for a total of 30 days during 2016 and more than 40 days in 2017 and it is considered more economical in the long term to replace this lift rather than continue to repair it. Replacement would cost approximately £20,000.
- 2.9 If the Council provides a new lift CHS Group would take over the responsibility to maintain and service it.
- 2.10 **CCC Service support.** CEAS have confirmed that they wish to support CHS to continue to operate from these two properties at less than best rents as this will allow the Council to continue to provide supported living for 9 adults with learning difficulties.
- 2.11 The rent that CHS pay has been used by CEAS to fund its service at Upherd's Lane. The reduced rent will impact the CEAS budget.

3. ALIGNMENT WITH CORPORATE PRIORITIES

3.1 Developing the local economy for the benefit of all

There are no significant implications for this priority.

3.2 Helping people live healthy and independent lives

The report above sets out the implications for this priority in 2.10

3.3 Supporting and protecting vulnerable people

The report above sets out the implications for this priority in 2.10

4. SIGNIFICANT IMPLICATIONS

4.1 Resource Implications

The report above sets out details of significant implications above.

4.2 Procurement/Contractual/Council Contract Procedure Rules Implications

There are no significant implications within this category.

4.3 Statutory, Legal and Risk Implications

If this proposal is not approved an alternative will be required to continue to provide supported living for 9 adults with learning difficulties.

4.4 Equality and Diversity Implications

If this proposal is not approved an alternative will be required to continue to provide supported living for 9 adults with learning difficulties.

4.5 Engagement and Communications Implications

There are no significant implications within this category.

4.6 Localism and Local Member Involvement

There are no significant implications within this category. The local member Cllr Anna Bailey has been contacted, acknowledged and has not registered any concerns.

4.7 Public Health Implications

The report above sets out details of significant implications in 2.11

Implications	Officer Clearance
Have the resource implications been cleared by Finance?	Yes Name of Financial Officer: Tom Kelly
Have the procurement/contractual/ Council Contract Procedure Rules implications been cleared by the LGSS Head of Procurement?	Yes Name of Officer: Paul White
Has the impact on statutory, legal and risk implications been cleared by LGSS Law?	Yes or No Name of Legal Officer: Debbie Carter-Hughes
Have the equality and diversity implications been cleared by your Service Contact?	Yes Name of Officer: John Macmillan
Have any engagement and communication implications been cleared by Communications?	Yes or No Name of Officer: Christine Birchall
Have any localism and Local Member involvement issues been cleared by your Service Contact?	Yes. Local member has been contacted. Name of Officer: John Macmillan
Have any Public Health implications been cleared by Public Health	Yes or No Name of Officer: Tess Campbell