

Report to the Council

Committee: Cabinet

Date: 20 June 2023

Subject: Variation of Capital Programme - Acquisition of Leasehold Interests in Council Owned Commercial Property.

Portfolio Holder: Councillor J Philip

Recommending:

That the Capital Programme be varied by £1,500,000 to allow the acquisition of the long leasehold interest of the properties at Cartersfield Road.

Report:

Introduction

1. At its meeting on 30 May 2023, the Cabinet considered the acquisition of a series of long leasehold interests in a number of properties. These acquisitions would provide regeneration and employment opportunities with some of these properties having been vacant for several years. As these are commercial negotiations, the details of the properties were set out in the Confidential Appendix to the report.

2. Full details can be found in the report at item 14 on the agenda of that Cabinet meeting. The public report can be freely accessed via the Council's website or the following link:

<https://rds.eppingforestdc.gov.uk/documents/g11747/Public%20reports%20pack%2030th-May-2023%2019.00%20Cabinet.pdf?T=10>

3. The Cabinet agreed to the acquisition of the long leasehold interests of Council-owned commercial property, and the sale of 50, 51 – 52, 60 and Unit 10 Cartersfield Road in Waltham Abbey for the sum of £1,722,165.

Acquisition of Long Leasehold Interests

4. The Council historically had different approaches to commercial estate management and on occasion in the past has agreed a number of long leasehold interest disposals of its commercial estate in return for capital payments. In practice, whilst opportune at the time, these now limit the Council's ability to redesign, intensify or remodel its commercial estates as islands of privately held interests now exist which restrict such attempts.

5. With the Council's commercial estate now being actively managed by Qualis, the Council is looking to capitalise on opportunities to regain ownership and then re-let the units for commercial returns. The commercial terms of the re-lettings would allow the Council to redevelop its holdings in order to increase employment opportunities and intensify commercial returns.

6. As the negotiations are commercial and involve the interests of specific tenants, the details of the properties and the sums potentially involved were set out within a Confidential Appendix A of the Cabinet report to protect the tenants and the Council's commercial position. The Confidential Appendix can be accessed by Members signing into the Members Portal or the Modern.Gov app.

Financial Implications for the Council's Capital Programme

7. Within the Council's approved Capital Programme, it has an Investment Property Acquisition Fund of £1,117,867. There are commitments against this provision of £604,867 leaving a balance available to fund the acquisitions approved by the Cabinet of £513,000.

8. The detailed proposals agreed by the Cabinet would entail the following:

Investment Property Acquisition Fund Budget 2022/23	£1,117,867
Revised Forecast Outturn (to crystallise May 2023)	£2,571,705
Fees Contingency	<u>£ 46,162</u>
Shortfall	£1,500,000

9. The recommended acquisition of these properties would exceed the available balance of the capital allocation and therefore, to complete the transactions, the Council would need to increase the Capital Programme by £1,500,000.

10. Therefore, the Cabinet is requesting the Council to agree to increase the Capital Programme by £1,500,000 to allow the Council to acquire these properties.

11. We recommend as set out at the commencement of this report.