

**12<sup>th</sup> SEPTEMBER 2023**

**REPORT NO. PG2330**

**KEY DECISION: NO**

**DEVEREUX HOUSE, 69 ALBERT ROAD  
FARNBOROUGH GU14 6SL – EXTENSION OF LEASE TERM**

**SUMMARY AND RECOMMENDATIONS:**

**SUMMARY:**

Cabinet previously approved the disposal of Devereux House, Albert Road, Farnborough, GU14 6SL by the granting of a development option with a new 199-year headlease for the sum set out in Exempt Report No. PG2308, subject to all necessary due diligence.

This report seeks Cabinet approval to amend the length of the lease to be granted from 199 years up to 399 years to facilitate the redevelopment of the property into a replacement care home.

**RECOMMENDATION:**

That Cabinet:

1. Agree to extend the term of the proposed long ground lease of Devereux House up to 399 years.

**1. INTRODUCTION**

- 1.1. This report seeks Cabinet approval to increase the length of the term of the long leasehold interest in the Devereux House site (Appendix 1) from 199 years up to 399 years.
- 1.2. The length of term was not delegated to the Executive Head of Property and Growth within the previous report (PG2308) and, therefore, any amendment to the lease term requires Cabinet permission.

**2. BACKGROUND**

- 2.1. Cabinet previously considered the terms of the disposal as set out in the Exempt Report No. PG2308 at the meeting on 14<sup>th</sup> March 2023.

- 2.2. The development option was granted on the basis that a new minimum 60 bed care home for older people was delivered on the site.
- 2.3. The Council's Property and Legal Departments have since been working with the Proposed Purchaser in order to develop a viable scheme.

### **3. DETAILS OF THE PROPOSAL**

- 3.1. The Proposed Purchaser has been in discussion with various alternative funding sources, each of which has required a longer ground lease term.
- 3.2. Although the Proposed Purchaser is not yet in a position to secure funding arrangements in the current market, without the certainty of a longer leasehold term they will not be able to progress their scheme proposals, preliminary planning work and sector marketing to obtain a tenant or operator.

#### **Best Consideration Valuation**

- 3.3. Sanderson Weatherall were previously engaged to produce a valuation & appraisal report taking into account the Council's duties under sections 123 of the Local Government Act 1972.
- 3.4. Sanderson Weatherall confirmed on 22<sup>nd</sup> February 2023 the market value of a long leasehold interest in Devereux House on the basis of a sale for a care home use. Their valuation also considered alternative uses for residential or assisted living, neither of which were viable or produced a higher value than the care home.
- 3.5. This valuation aligned with the offer received from the Proposed Purchaser.
- 3.6. Sanderson Weatherall have subsequently advised that increasing the length of term to 399 years does not materially affect the valuation previously provided.
- 3.7. To comply with the Council's statutory duties under sections 123 of the Local Government Act 1972 a further revised valuation will be required shortly before the legal option is completed with the Proposed Purchaser.

#### **Alternative Options Considered**

- 3.8. Alternative lease length terms have been reviewed with the Proposer Purchaser, however, without granting a longer term they are insistent that they cannot secure appropriate funding to proceed.

### **4. IMPLICATIONS**

#### **Risks**

#### **Legal Implications**

- 4.1. There are no known legal implications that are different to the previous approval.

#### **Financial and Resource Implications**

- 4.2. Reduces the Council's opportunity to realise further capital sums from another disposal of the site until a later date (200 to 400 years).

#### **Equalities Impact Implications**

- 4.3. There are no known equalities implications arising from this proposal.

### **5. CONCLUSIONS**

- 5.1. The Cabinet is asked to agree the disposal of a longer leasehold interest in the Devereux House site extending the term of the proposed long ground lease up to 399 years.
- 5.2. As previously authorised, the final terms of the disposal are to be agreed by the Executive Head of Property and Growth in consultation with the Portfolio Holder.

#### **APPENDICES:**

Appendix 1 – Exempt Report No. PG2308

Appendix 2 – Site Plan

#### **CONTACT DETAILS:**

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