

Cherwell District Council

Executive

5 October 2020

The Musketeer, Banbury – Emergency Accommodation Lease Agreement

Report of Assistant Director Property Investment and Contract Management and Assistant Director Housing and Social Care Commissioning

This report is public.

Purpose of report

The Housing team would like to enter into a private sector lease agreement with The Musketeer Motel in Banbury, a property which has been used for emergency accommodation for vulnerable households for several years in the form of a licence agreement. The lease-in value (£124.1k pa) is outside the delegated powers (£100k pa) of the Assistant Director Property Investment and Contract Management, therefore according to Governance procedures Executive Committee approval is required.

1.0 Recommendations

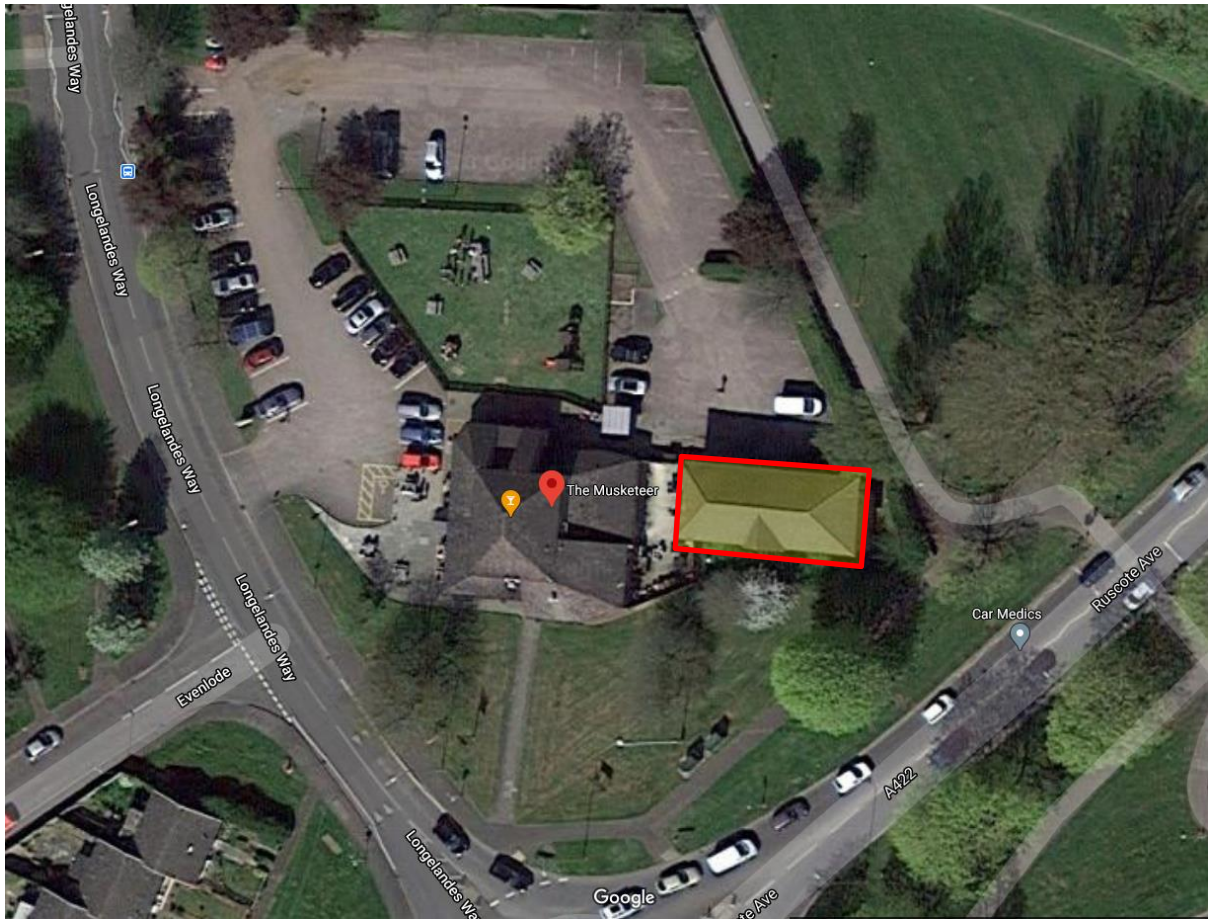
The meeting is recommended:

- 1.1 To approve entering into a lease agreement with the owners of The Musketeer in Banbury.
- 1.2 To proceed as per section 4 of this report and agree to enter into the lease on the agreed terms.

2.0 Introduction

- 2.1 General Description of the Estate

The Musketeer is situated in the Ruscote area of Banbury at the roundabout of Longelandes Way and Ruscote Avenue.



The property is adjoining The Musketeer Pub. The owner of the estate is Punch Partnerships (PTL) Limited (Co. Reg. No. 3512363) of Jubilee House, Second Avenue, Burton on Trent, Staffs DE14 2WF.

The accommodation is unique in Cherwell as the motel rooms are all self-contained with some cooking facilities and this style of accommodation is hardly available elsewhere.

2.2 Historical arrangements

The Council has been occupying the facility in the form of a licence agreement for the purpose of emergency accommodation since 1 October 2016.

The original licence ends on 30 September 2020. The licence fee paid by the Council has been £124,100 pa.

The licensor has been providing the rooms with basic furniture, kitchen equipment, clean linen and towels and regular cleaning services.

However, it is now felt that legally the arrangement fits better as a lease arrangement, given that the renting of the accommodation units is the majority of the value. This will secure sole use of the property for the council in discharging statutory duties to homeless households and avoid any possibility that parts of the property could be let independently to individuals who would not be placed by CDC.

3.0 Report Details

3.1 Options Appraisal

The following options are open to the Council.

Option 1: Remain in occupation and enter into a lease agreement

The motel rooms of The Musketeer have been in use by the vulnerable households appointed by the Council since 1 October 2016. It is justifiable to convert the licence agreement into a lease agreement upon expiry.

Pros	Cons
<ul style="list-style-type: none">• Continuity of the emergency accommodation provision assured• Value for money• Accommodation style meets expectations	<ul style="list-style-type: none">• A fix cost to the Council for the next 4-5 years

Option 2: Find accommodation elsewhere

Pros	Cons
<ul style="list-style-type: none">• Accommodation style should meet expectations	<ul style="list-style-type: none">• Continuity of the emergency accommodation provision would be at risk• Current self-contained units are scarce supply in Banbury• A fix cost to the Council for the next 4-5 years• Prices elsewhere cannot compete with the current room rates of The Musketeer

3.2 Alternative Options

The Housing team could not identify similar style and quality potential emergency accommodation immediately available in Banbury.

4.0 Conclusion and Reasons for Recommendations

4.1 The negotiations for a new lease agreement with the owners of The Musketeer achieved similar terms to the existing license agreement.

4.2 The annual rent of the 10 self-contained rooms equate to £124,100 of which 55% is recoverable through the tenants. That would leave the council with a cost of £55,845 (£124,100 x 45%). The monthly equivalent rent of this amount is £4,653.75 (£55,845/12) for the 10 units. Each flat cost £465 pcm to the council all inclusive. This is absolutely acceptable for serviced accommodation and demonstrates good

value for money. Comparable dataset conformed that a 1-bed self-contained unit would cost £600-£750 pcm + charges.

4.3 The following terms have been agreed:

Demises:	10 motel rooms within The Musketeer
Licence start date:	1 October 2020
Term:	4 years plus 1-year extension option with 6 months' notice
Licence fee:	£124,100 pa
Liabilities:	Landlord to pick up all repairs and maintenance liabilities, cleaning services and provide clean linen in the 10 furnished motel rooms
Fit out costs:	Landlord to pick up all costs relating to the fit out of the premises
Compliance:	Landlord is responsible for the statutory compliance within the demises.

5.0 Consultation

Housing

The Musketeer can provide the required 10 motel rooms in a unique style that cannot be found elsewhere in Banbury. All rooms are equipped with beds and a small kitchen and the rooms are also serviced.

Providing emergency accommodation for household who present in crisis is a statutory duty of the local authority. Securing this accommodation at a fixed cost ensures the Council have sufficient and suitable placements for those who need housing in an emergency, pending further investigation of their circumstances. If this accommodation was not secured alternative provision, such as spot purchasing rooms in hotels, would be more expensive and less suitable.

Local real estate agents

1-bed self-contained flats are trading at circa £600-750 pcm plus charges (circa 300 pcm including all services and supplies).

6.0 Alternative Options and Reasons for Rejection

6.1 The Housing team could not identify similar style and quality potential emergency accommodation immediately available in Banbury.

7.0 Implications

Financial and Resource Implications

- 7.1 CDC must have regard to its legal duty under the Local Government Act 1989 and guidance thereunder to secure best value when reviewing service provision, requiring the council to make arrangements to secure continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness. Officers must also follow both internal procurement policies and external procurement law and practice in pursuit of the recommendations set out in this report.

Comments checked by:

Steve Jorden, Corporate Director Commercial Development, Assets and Investment, steve.jorden@cherwell-dc.gov.uk

The service has confirmed that there is sufficient ongoing budget available to fund this lease arrangement. Financial Standards will require the Council to identify this property as an asset on its balance sheet due to the lease arrangement.

Comments checked by:

Michael Furness, Assistant Director Finance, 01295 227943, michael.furness@cherwell-dc.gov.uk

Legal Implications

- 7.2 The Legal Unit will seek to conclude the necessary legal formalities with Punch Partnerships as regards the lease and supplementary documentation, on the terms set out in this report.

Comments checked by:

Richard Hawtin, Team Leader – Non-contentious, 01295 221695; richard.hawtin@cherwell-dc.gov.uk

Risk Implications

- 7.3 These risks will be managed as part of the Place Programme Board risk register and escalated to the Leadership risk register as and when necessary.

Comments checked by:

Louise Tustian, Head of Insight and Corporate Programmes, 01295 221786, Louise.tustian@cherwell-dc.gov.uk

8.0 Decision Information

Key Decision

Financial Threshold Met: Yes

Community Impact Threshold Met: No

Wards Affected

Banbury Cross and Neithrop

Links to Corporate Plan and Policy Framework

Housing that meets your needs

Lead Councillor

Cllr John Donaldson, Lead Member for Housing

Document Information

Appendix number and title

- Appendix 1 – Photo Gallery

Background papers

None

Report Author and contact details

Robert Fuzesi, Assistant Director Property Investment and Contract Management,
01295 227015, Robert.fuzesi@cherwell-dc.gov.uk

Gillian Douglas, Assistant Director Housing and Social Care Commissioning, 07503
259834, gillian.douglas@cherwell-dc.gov.uk