

Agenda Item	4
Report No	ERA/12/21

HIGHLAND COUNCIL

Committee: Easter Ross Area Committee

Date: 25 May 2021

Report Title: Leasing of an HRA property

Report By: Executive Chief Officer Housing and Property

1 Purpose/Executive Summary

- 1.1 This report sets out proposals to lease an HRA asset, a house in Milnafua, to a charitable organisation, Action for Children.

2 Recommendations

- 2.1 Members are requested to approve the granting of a lease of 55 Milnafua to Action for Children at a reduced annual rent, as set out in the following report.

3 Implications

- 3.1 **Resource** – both parties to the proposed lease will meet their own legal costs.
- 3.2 **Legal** – Legal Services has confirmed that an appropriate Lease can be created to safeguard the Council's interests.
- 3.3 **Community (Equality, Poverty and Rural)** - There are no equality implications arising from this report.
- 3.4 **Climate Change/Carbon Clever** - There are no climate change/Carbon Clever implications arising from this report.
- 3.5 **Risk** – the proposed Lease will have appropriate break and dispute resolution clauses to mitigate risk to the council.
- 3.6 **Gaelic** - There are no Gaelic implications arising from this report.

4 Background

- 4.1 Action for Children (AfC) is a Charity whose stated purpose is 'to help the children who need it the most'. AfC has been working in Highland for some years, providing support to children, young people and families. Over the last few years, AfC has worked in Alness, focusing on the Milnafua estate, where they now wish to establish an office base and drop-in centre to support their operation.
- 4.2 Following representations from AfC and local Councillors, the Housing Service opened discussions with AfC's local manager and the charity's Asset Services Manager to discuss the possibility of leasing one of the Council's houses in Milnafua. A 3-bed, end terrace house at 55 Milnafua became available and following inspection by AfC, it was agreed that this would be suitable for AfC's purposes. 55 Milnafua is surrounded by council tenanted properties and is located in the north corner of the estate – see plan at Appendix 1.
- 4.3 Neighbours of No 55 have not been consulted by the Housing Service about this proposal, but when AfC apply for Planning Permission – see 5.3 below – they will speak to neighbouring tenants about their proposal and the Planning Application will be advertised, as part of the statutory Consultation process.

5 Proposal

- 5.1 With support from the Estates team, draft Heads of Terms were agreed with AfC and Legal Services have been Instructed to draft a lease.
- 5.2 The proposed full repairing and insuring lease is for 5 years, with 3 months' Notice on either side, at a nominal rent of £100 per annum, which is a subsidy by the Housing Revenue Account of £4170. The Housing Service considers that such a subsidy is justified because of the support work undertaken by AfC with Council tenants. The Housing Service will monitor community benefit by way of reports from AfC and regular liaison with the charity.
- 5.3 AfC will need to obtain Planning Permission for a Change of Use of 55 Milnafua and perhaps a Building Warrant for any internal alterations they propose. The lease requires AfC to return the property to Highland Council in the same condition as at the entry date of the lease.
- 5.4 Disposal of HRA property - including leasing - generally requires the consent of Scottish Ministers. However, the 'Disposal of Assets from Housing Revenue Accounts' (Scottish Government, June 2015) grants delegated authority to Local Authorities where the value of the asset – in this case the annual rental value - is less than £10,000 and where a community benefit can be identified. Members are therefore requested to approve the granting of a lease as set out above.

Designation: Executive Chief Officer Housing and Property

Date: 28 April 2021

Author: Jim Holden, Housing Manager (North)

Appendix 1

