

Key Decision Required:	No	In the Forward Plan:	No
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19 October 2026

REPORT OF THE CORPORATE DIRECTOR, OPERATIONS AND DELIVERY

A.1 EXTENSION OF A LEASE OF A FORMER COUNCIL OWNED PROPERTY:

58 BEDFORD ROAD, HOLLAND ON SEA, CO15 5LF

(Report prepared by Leasehold Management Officer – Housing & Environment)

PART 1 – KEY INFORMATION

1.1 PURPOSE OF THE REPORT

To obtain approval to serve a Section 45 Counter Notice, in accordance with the Leasehold Reform Housing and Urban Development Act 1993 (as amended), in response to a Section 42 Notice claiming a statutory lease extension for 58 Bedford Road, Holland on Sea, a former Council owned property.

1.2 EXECUTIVE SUMMARY

In accordance with the Leasehold Reform, Housing and Urban Development Act 1993 (as amended), a residential tenant has a right to a new lease under Chapter II of Part I. This entitles them, where the set qualifying criteria are met, to an entirely new lease but this is commonly referred to as a lease extension.

Where the qualification criteria are met, the legislation entitles the tenant to a new lease:

- For a term of 90 years plus the remainder of the term of the existing lease; and
- At a peppercorn rent.

A premium is paid for the lease extension to compensate the landlord for the loss of the remainder of the term of the existing lease and for being kept out of its reversion for the additional 90 years.

A leaseholder wishing to proceed by the statutory route is required to serve formal notice on the Council in the form stipulated by Section 42 of the above legislation which then requires the Council to respond within a two month period through the service of a Section 45 Counter Notice.

On 20 June 2026, a Section 42 Notice was received in respect of 58 Bedford Road, Holland on Sea which satisfies the requirements of the legislation and approval is now being sought to serve a Counter Notice to enter into negotiations in respect of a new lease.

1.3 RECOMMENDATION(S)

That the Corporate Director (Operations and Delivery):

1. approves the service, by the Council's Assistant Director (Governance), of a Section 45 Counter-Notice on the terms set out in this report; and
2. authorises, in consultation with the Assistant Director (Governance), to negotiate and agree the premium and any other terms necessary to complete the statutory lease extension.

PART 2 – IMPLICATIONS OF THE DECISION

2.1 DELIVERING PRIORITIES

Granting of a lease extension would contribute towards the following priorities in the Council's Corporate Plan for the period 2024 to 2028:

Pride in our area and services to residents

2.2 FINANCE, OTHER RESOURCES AND RISK

Finance and other resources

The Council's offer in respect of the granting of a new lease would require a premium to be paid based upon advice obtained by an independent valuer engaged by the Council with the aim of ensuring best consideration in relation to the Council's assets.

The Council's offer also details the Council's costs which are to be paid by the applicant. These are as set out below:

- (a) Valuation Report Fee in the sum of £850.00 plus VAT at 20%;
- (b) Cost for the preparation and completion of a new lease in the sum of £960.00 incl VAT plus disbursements of £14.00 for the freehold and leasehold title registration and plans in accordance with the Council's General Fund Fees and Charges Schedule 2026/2027.

Risk

If the Council fails to , serve a valid Section 45 Counter-Notice by the statutory deadline, the leaseholder may apply to the Court for an order granting a new lease on the terms proposed in the Section 42 Notice. This could result in a loss for the Council in terms of the premium payable for the new lease as well as increased administrative and legal costs in dealing with the application.

2.3 LEGAL

The granting of a new lease is in accordance with the Leasehold Reform, Housing and Urban Development Act 1993 (as amended).

2.4 OTHER IMPLICATIONS

Consideration has been given to the implications of the proposed decision in respect of Crime and Disorder, Equality and Diversity, Health Inequalities, Consultation/Public Engagement and Wards; and any significant issues are set out below.

Ward

St Bartholomews

PART 3 – SUPPORTING INFORMATION

3.1 BACKGROUND

In accordance with Chapter II of Part I of the Leasehold Reform, Housing and Urban Development Act 1993, a residential tenant has a right to a new lease. The right entitles the tenant to an entirely new lease replacing the existing lease but is commonly referred to as a lease extension. The tenant must satisfy qualifying criteria to exercise the right to a lease extension.

On 20 June 2026, the Council received a Section 42 Notice submitted on behalf of Stephen Harper and Lisa Gillett, the current owners of 58 Bedford Road, Holland on Sea claiming the extension of the lease of this property.

The lease under which they hold the property was initially entered into on 17 May 1982, following an application under the Right to Buy scheme, and was granted for a term of 125 years from that date.

In order to be able to extend a lease, a leaseholder must own a long lease of a flat which is:

- a lease for a term of more than twenty one years; or
- a lease granted under the Social Homebuy scheme with 100% ownership; or
- a lease granted under "right to buy" or "right to acquire under rent to mortgage terms"

In addition, the following conditions must be satisfied:

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- must not be a commercial or business tenant

Stephen Harper and Lisa Gillett's application met the qualifying criteria and the Council's Senior Property Solicitor has advised that the Council is required to admit this claim. The only route for the Council to refuse the claim would be if there were proposals to redevelop the block, which is not applicable in this case.

Where the qualifying criteria are met, the legislation entitles the tenant to a new lease:

- For a term of 90 years plus the remainder of the term of the existing lease; and
- At a peppercorn rent.

A premium is paid for the lease extension to compensate the landlord for the loss of rent for the remainder of the term of the existing lease and for being kept out of its reversion for the additional 90 years.

The notice submitted on behalf of Stephen Harper and Lisa Gillett proposed that:

- (1) the term of the lease is to be increased by a further 90 years

Following receipt of this notice, the property was inspected by a representative from Morgan Sloane Chartered Surveyors to determine the appropriate premium payable for the residential tenant to have a new lease granted in accordance with the applicable legislation.

Morgan Sloane have advised that the appropriate premium in accordance with the legislation falls between £2,660 and £3,290 as at 18 June 2026, as some negotiation of the valuation figure is to be expected, it is prudent to place a slightly higher figure within the Section 45 Counter Notice. In view of this and in order to get best consideration in respect of the Council's assets, a counter offer of £3,440 was recommended to allow for negotiation. Following further negotiation, a figure of £3,120.00 is recommended.

Where a tenant has served a valid Section 42 notice on a landlord, then a counter notice must be served by the landlord on the tenant within the time specified in the notice, being a minimum of two months.

The Council's section 45 Counter Notice is required to be served by 18 August 2026. Failure to do so allows the tenant to apply to Court for an Order granting it the new lease on the terms the tenant proposed in the initial notice.

Following service of a counter notice, there is a period of two months for both parties to agree

terms and the premium payable failing which the tenant has six months from the date of the counter notice to apply to a tribunal to determine terms and the premium payable.

3.2 BACKGROUND PAPERS FOR DECISION

None

3.3 APPENDICES

Proposed Section 45 Counter Notice