

BOURNE HALL BUNGALOW

Head of Service:	Mark Shephard, Head of Property and Regeneration
Report Author	Mark Shephard
Wards affected:	(All Wards);
Urgent Decision?(yes/no)	No
If yes, reason urgent decision required:	N/A
Appendices (attached):	None

Summary

This report considers the lease renewal of Bourne Hall Bungalow.

Recommendation (s)

The Committee is asked to:

- (1) Renew the existing 1-year commercial lease to the operating company of Epsom Primary Care Network (part of the NHS) for a term of 3 years subject to an option to break the lease on 3 months' written notice. The lease break option would be exercisable by either party after the first 12 months. All other lease terms to be carried over.**
- (2) Nominate and authorise the Head of Property & Regeneration to take all necessary actions further to the above decision being made to progress the lease to completion.**

1 Reason for Recommendations

- 1.1 To reflect the changing circumstances of the tenant and seek approval to grant a lease term that exceeds the previous 1 year only decision made at this Committee on 25 March 2025.

2 Background

- 2.1 Bourne Hall Bungalow, a former detached caretaker's bungalow, forms part of the Council's commercial property portfolio. It is located adjacent to Bourne Hall with vehicular access via Bourne Hall public car park.

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- 2.2 The property has been annually leased since April 2023 to the operating company of Epsom Primary Care Network (PCN), part of the NHS.
- 2.3 As reported to S&R Committee on 28 March 2023, the property was extensively marketed by an external commercial letting agent when the previous tenant vacated at lease expiry.
- 2.4 Bourne Hall Bungalow provides Epsom PCN with an opportunity to give their population a visible “front door” neighbourhood presence. It is a valuable community space for some of their team - particularly the social prescribers and care coordinators supporting residents in need.
- 2.5 The commercial lease was granted on a Full Repairing and Insuring basis (FRI - tenant responsible for all outgoings) and at market rent. However, due to long term NHS funding uncertainty, it was recommended the duration of the lease be restricted to coincide with the available 1-year funding.
- 2.6 Further NHS funding was secured for a second year and the annual lease duly renewed in April 2024.
- 2.7 At its meeting on 25 March 2025, committee took the opportunity to consider the future use of the property and was presented with various alternative options. It was agreed that the property would continue to be commercially let to the NHS and renewed accordingly for a further year.
- 2.8 At each annual lease expiry, the rent was confirmed by the Council’s external Asset Valuers as representative of the open market rental value.

3 Proposal

- 3.1 The NHS has been a valued commercial tenant of the Council for almost 3 years, each year readily obtaining funding and confirming a willingness to renew the lease.
- 3.2 It is now proposed to provide both parties with greater certainty and renew the lease for a term of 3 years subject to an option to break the lease on 3 months’ written notice. The lease break option would be exercisable by either party after the first 12 months.
- 3.3 The lease break option would provide the:
 - NHS with the advantage of a minimum lease term of 15 months (assuming the Council gave written notice after 12 months).
 - Council with full flexibility to pursue alternative options in the future.
- 3.4 The new 3-year lease would continue to reflect full commercial terms including verification with the Council’s externally appointed Asset Valuers to ensure the rent reflects Best Value.

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4 Risk Assessment

Legal or other duties

4.1 Equality Impact Assessment

4.1.1 Not applicable

4.2 Crime & Disorder

4.2.1 Not applicable

4.3 Safeguarding

4.3.1 Not applicable

4.4 Dependencies

4.4.1 Commercial tenant remains dependent on NHS funding.

4.5 Other

4.5.1 None

5 Financial Implications

5.1 Renewal of the commercial lease maximises income from the use of Council assets.

5.2 **Section 151 Officer's comments:** The proposal supports the Council's Medium Term Financial Strategy objective to maximise commercial income from its asset base and provides a clearer, more predictable income stream while maintaining protections for the Council.

6 Legal Implications

6.1 The Local Government Act 1972 ("the 1972 Act") provides the Council with powers to dispose of land, including the ability to sell or lease land. However, under the 1972 Act, the Council must ensure that any disposal is for the best consideration reasonably obtainable unless specific exemptions apply.

6.2 Best Value is evidenced by the new 3-year lease continuing to reflect full commercial terms including verification with the Council's externally appointed asset valuer to ensure the rent reflects Market Value.

6.3 Legal services are being provided by external solicitors instructed by the Head of Property & Regeneration further to the agreement of the Head of Legal and Monitoring Officer.

6.4 **Legal Officer's comments:** None arising from the content of this report.

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7 Policies, Plans & Partnerships

- 7.1 **Council's Key Priorities:** The following Key Priorities are engaged: Opportunity and Prosperity, Effective Council
- 7.2 **Service Plans:** The matter is included within the current Service Delivery Plan.
- 7.3 **Climate & Environmental Impact of recommendations:** While in occupation, the tenant is responsible for Building Regulation compliance. Furthermore, the wider NHS has adopted a Green Plan Strategy 2025-28 to integrate Net Zero Carbon into everything it does.
- 7.4 **Sustainability Policy & Community Safety Implications:** The tenant will promote sustainable solutions and endeavour to support their implementation wherever they do not conflict with the operation of their business.
- 7.5 **Partnerships:** The Council supports Epsom PCN by providing accommodation and facilitating the increased provision of NHS community services to residents.
- 7.6 **Local Government Reorganisation Implications:** The Council remains under a statutory duty to achieve Best Value and ensure services can be delivered and maintained until LGR Vesting Day on 1 April 2027.

8 Background papers

- 8.1 The documents referred to in compiling this report are as follows:

Previous reports:

- Bourne Hall Bungalow, S&R Committee 25 March 2025
<https://democracy.epsom-ewell.gov.uk/ieListDocuments.aspx?CId=132&MId=1683>
- Commercial Property Update, S&R Committee 28 March 2023
<https://democracy.epsom-ewell.gov.uk/ieListDocuments.aspx?CId=132&MId=1300>