

## EXECUTIVE

### 13<sup>th</sup> February 2025

<b>Report Title</b>	<b>High Street Rental Auctions Early Adopters</b>
<b>Lead Member</b>	Councillor David Brackenbury, Executive Member for Growth & Regeneration.
<b>Report Author</b>	Jonathan Waterworth, Assistant Director Assets and Environment.

<b>Key Decision</b>	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
<b>Is the decision eligible for call-in by Scrutiny?</b>	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
<b>Are there public sector equality duty implications?</b>	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
<b>Does the report contain confidential or exempt information (whether in appendices or not)?</b>	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
<b>Applicable paragraph number/s for exemption from publication under Schedule 12A Local Government Act 1972</b>	N/A
<b>Which Corporate Plan priority does the report most closely align with?</b>	Safe and thriving places

### List of Appendices

- Appendix A** – High Street Rental Auction Guidance for Early Adopters  
**Appendix B** - High Street Rental Auctions Early Adopter Terms of Reference  
**Appendix C** – Climate Change Impact Assessment tool

#### **1. Purpose of Report**

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- 1.1 This report seeks the approval of the Executive to sign up to the Government's High Street Rental Auction Early Adopter programme. The report explains the High Street Rental Auctions (HSRAs) process, a new permissive power for local authorities to require landlords to rent out persistently vacant commercial properties to new tenants, introduced as part of the Levelling Up and Regeneration Act 2023.

#### **2. Executive Summary**

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- 2.1 As part of the Levelling Up and Regeneration Act 2023, Government is introducing High Street Rental Auctions (HSRAs), a new permissive power for local authorities to require landlords to rent out persistently vacant commercial properties to new tenants.

- 2.2 This will be an addition to a range of tools local authorities might use when attempting to regenerate an area; they will seek to increase cooperation between landlords and local authorities, and to make town centre tenancies more accessible and affordable for tenants, including small businesses and community groups.
- 2.3 These new powers became live on 2<sup>nd</sup> October 2024, and the Council was invited in December 2024 to apply to an Early Adopter programme. The programme includes local authorities selected by Government to be part of a working group to deliver one or more of the first HSRAs. Originally, the Ministry of Housing, Communities and Local Government (MHCLG) had requested those Local Authorities sign up to the programme by 9<sup>th</sup> January 2025, however that date was relaxed at the end of December to enable councils to fully consider and progress appropriate approvals via their respective governance process. On 17<sup>th</sup> January MHCLG confirmed they would require Council's to return the terms of reference by 20<sup>th</sup> January if they wish to be part of the programme. Accordingly, a Regulation 11 (Cases of Special Urgency) was utilised to return the signed Terms of Reference to MHCLG to avoid the Council missing out on the option to be part of the programme.
- 2.4 It is anticipated that MHCLG will confirm the final list of Council's that will be part of the Early Adopter programme during the week commencing 17<sup>th</sup> February.
- 2.5 Early Adopters will be amongst the first local authorities to deliver HSRAs. Together, they will act as champions of the programme to encourage greater take up of HSRAs by other local authorities. Government will be looking for them to provide a strategic and outward facing role in the delivery of the policy objectives.
- 2.7 MHCLG will work closely with the Early Adopters throughout the HSRA process, aiding progress at each stage and to publicise achievements through case studies post implementation. MHCLG will also look to Early Adopters to perform an advisory role to help shape the guidance to improve the way in which the HSRAs can be delivered going forward.
- 2.8 Subject to the approval of Executive to enter into the scheme, work will be undertaken to develop an evidence base of vacancy rates across North Northants towns and determine the area of most need and potential impact. The Early Adopter programme team at MHCLG has encouraged the creation of one HSRA designation initially, with a focus on one or two vacant units as part of testing and feedback on the Government guidance and process.
- 2.9 A further report will be brought back to Executive later in 2025 to consider this evidence base, the results of any community consultation, and a HSRA policy to be adopted by the Council.

### **3. Recommendations**

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- 3.1 It is recommended that the Executive:

- a) Endorse the decision taken by the Leader under Regulation 11 (Cases of Special Urgency) that has approved that the Council sign up to the High Street Rental Auctions Early Adopter initiative.
- b) Notes that a further report will be brought to the Executive detailing the High Street Rentals Auction Policy and next steps for its implementation.

### 3.2 Reasons for Recommendations:

- It is recommended that the Council sign up to the initiative as:
- It will add another tool to the Council's work to support regeneration in town centres and its corporate objectives to create Safe & Thriving Places, by bringing vacant properties back into use.
- There is no immediate financial impact on the Council from taking part in the initiative nor legal penalty if it were to withdraw from the initiative at a later date.
- The initiative will draw on the support of a number of Council teams and expertise, creating a positive example of our One Council approach and lead to a positive benefit locally for residents.
- It presents the Council with an opportunity to be part of spearheading the use of new legislative powers, and inputting on how the HSRA guidance and process can be improved.

### 3.3 Alternative Options Considered:

An alternative would be for the Council to not sign up to the initiative and consider the outcome of other Council's implementing the scheme across the Country.

This option is not recommended as:

- Signing up the initiative has no legal or financial implication (these being fully considered in the proposed follow up paper), and there is an opportunity for the Council to progress the use of those new powers now and provide a positive benefit to North Northants town centres.
- The proposed course of action set out in the paper will enable the development of a policy and evidence base for the Council to progress a HSRA in a way that focusses on those locations where it will have the most beneficial impact.
- The process will draw on the expertise and skill set of a number of teams to work collaboratively to bring forward successful HSRAs. This builds on our One Council approach and enables the Council to be part of spearheading the use of new powers to support our town centres and residents.

The Council could also choose to sign up the initiative and take a broader approach targeting multiple HSRAs and properties with them. This would have a direct implication on resource need to establish and manage the overall process. A more focussed approach is recommended at this stage, with the option of broadening the use of HSRAs to more towns considered as part of the next report.

## **4 Report Background**

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- 4.1 High Street Rental Auctions are intended to assist local authorities in bringing long term vacant property back into meaningful use. Subject to conditions such as the term of vacancy (detailed below) having been satisfied, they permit local authorities to undertake an auction offering a lease of up to five years upon a privately owned property.
- 4.2 Local Authorities may compel landlords to enter a lease with the successful bidder and to undertake works to the property to ensure the property meets a defined minimum standard.
- 4.3 A local authority must take several preliminary actions before beginning the process, they must:
- Designate the high street areas where a HSRA can be used, having undertaken a 28-day minimum community engagement period.
  - Survey the vacant properties within the designated area - to understand if the property is suitable for auction, what uses may be appropriate for the property. They may also assess what works a landlord may need to undertake to meet a minimum standard (although this may be done at a later stage).
  - Satisfy the vacancy condition and local benefit condition –These conditions ensure that the process can only be used where a property has been vacant for a year, or cumulatively for more than a year within a two-year period and that the undertaking of the process would provide a benefit to the local society, economy or environment.
- 4.4 Where to use a High Street Rental Auction:
- HSRA's will provide local authorities with a strong tool to use in places where vacancy rates are a real problem and where there is little cooperation between landlords and local authorities. The auction process is a last resort, and the Council should engage with owners of vacant property to understand their intentions and provide opportunity for them to lease the property directly before progressing to an auction.
  - Where a landlord is not proactive or has been unable to secure a tenant, local authorities should consider whether there is likely to be interest from prospective tenants where the property available at a decent standard of repair and at a fair market rent. Where this cannot be evidenced, progressing to an auction may not be possible. As such maintaining a register of local interest is advised.
  - High Street Rental Auctions may also help to fill premises where lenders conditions would otherwise block a tenancy taking place at market rent.

### **Designating a high street**

- 4.5 To qualify for a HSRA, premises need to be situated on a designated high street or in a designated town centre and the local authority needs to consider them to be suitable for a high-street use.

- 4.6 The local authority is responsible for designating their high street areas where a HSRA could be used. The local authority must maintain and make available to the public a list describing, and a map showing, any designated high streets or areas within its town centres that are in force in its area.
- 4.7 As North Northamptonshire has a number of town centres, a review of vacancy rates will be required to determine where a HSRA would be most suitable. Further, designation of a smaller area within the town centre will enable a greater focus to be brought on persistently vacant premises.
- 4.8 The Early Adopter programme at MHCLG has encouraged the creation of one HSRA designation initially, with a focus on one or two particular vacant units as part of testing and feedback on the Government guidance and process.

### **Community engagement on high street designation**

- 4.7 The local authority must publish any proposed high street designation, or any variation of an existing high street designation. They should invite comments from the local community via email and post and for no less than a period of 28 days.
- 4.8 The local authority must be satisfied that the premises meets the vacancy condition and the local benefit condition before issuing an initial notice.
- 4.9 The vacancy condition states that a property is eligible for a High Street Rental Auction where it has been unoccupied continuously for 12 months, or for at least 366 days (non-continuously) within a 24-month period. Occupation of a premises must amount to activity that is substantial, sustained, and involves the regular presence of people.
- 4.10 The local benefit condition states that the local authority must be satisfied that the occupation of the property for a suitable high-street use would be beneficial to the local economy, society, or environment.

### **Obtaining property information (to establish vacancy)**

- 4.11 To determine whether a property is vacant for the purpose of a High Street Rental Auction, the local authority should carry out due diligence into the length and nature of any occupation of the premises over the last 2 years.

### **Satisfying the local benefit condition**

- 4.12 The local authority should consider likely societal, economic and environmental effects of using a High Street Rental Auction on a given property and record these. They should then ensure that there is a positive impact in one of these areas before proceeding.
- 4.13 Prior to serving an initial notice, the local authority may wish to survey premises to consider their suitability for a High Street Rental Auction. This survey could be completed by a member of the local authority or a qualified building surveyor and should identify whether a property is suitable for a High Street Rental Auction, and potential uses for which the premises could be used.

4.14 The local authority should also consider the position with the Energy Performance Certificate (EPC) for the premises and whether one exists. By Week 2 of the rental auction process, the local authority must also conduct a survey of the premises to ascertain a list of works required from the landlord for the premises to reach the Minimum Standard. This survey must be conducted by a qualified building surveyor.

## **5 Issues and Choices**

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5.1 The other option instead of signing up to the early adapters programme would be to review how the programme goes for other Local Authorities and to progress the HSRA at a later date.

## **6 Next Steps**

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6.1 The next steps to take the HSRA forward would be to:

- Sign up to the Early Adapters programme.
- Set up a HSRA working group to scope out the policy.
- Gather the necessary evidence across North Northamptonshire towns to indicate to area of need.
- Draft a HSRA policy for consideration by the Executive, along with the evidence base and recommended HSRA area.

6.2 This work will be completed over the coming months, with a view to bringing a further paper to Executive later in 2025 to consider.

6.3 The details of the process would be brought forward in the report to the next Executive to confirm the policy.

## **7 Implications (including financial implications)**

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### **7.1 Resources, Financial and Transformation**

7.1.1 No new burdens monies are being provided by Government to support day to day resourcing of these new powers. There is, however, funding provided for Councils to claim back monies spent in relation to auction and legal fees, and any capital works undertaken to bring the property up to minimum standard.

7.1.2 Accordingly, if the Council wishes to progress the HSRA it will need to rely on existing resources. Given the HSRA will require input from a multi-disciplinary team, a working group of Planning, Economic Development, Asset Management, and Regeneration Officers has already been formed to consider how the project would be taken forward.

7.1.3 The further report to Executive will consider resource needs if the HSRA programme was to be expanded to a number of North Northants towns.

## **7.2 Legal and Governance**

- 7.2.1 The guidance and Terms of Reference that Government have requested the Council sign up to are included at Appendices A & B. At this stage approval is being sought to sign up to the Early Adopter Programme, and the Councils timescales for progressing that over 2025 have been relayed to Government. If at a later date the Council chose not to progress the HSRA, there would be no legal penalty for not doing so.
- 7.2.2 There may be legal challenges from private owners to any decisions taken following the introduction of the HSRA. This risk will be planned and mitigated within the detail of the next stages and through clear and open engagement with landlords.
- 7.2.3 Procurement of the contractors will be undertaken in accordance with Procurement rules.

## **7.3 Relevant Policies and Plans**

- 7.3.1 These proposals will support the Council's commitment to provide safe and thriving places.

## **7.4 Risk**

- 7.4.1 At this stage, there are no significant risks arising from the proposed recommendations in this report, as a further report will be brought back to Executive detailing risks associated with the Policy and process. As the project progresses a risk register will be developed covering elements such as resources (both staff and financial) and delivery.

## **7.5 Consultation**

- 7.5.1 No consultation has been undertaken, consultation would be undertaken as part of the HSRA process if this is progressed. The Council must designate the high street areas where a High Street Rental Auction can be used, having undertaken a 28 day minimum community engagement period.

## **7.6 Consideration by Executive Advisory Panel**

- 7.6.1 This has not been considered by an Executive Advisory Panel as the process progresses this will be brought to the panel at the appropriate time.

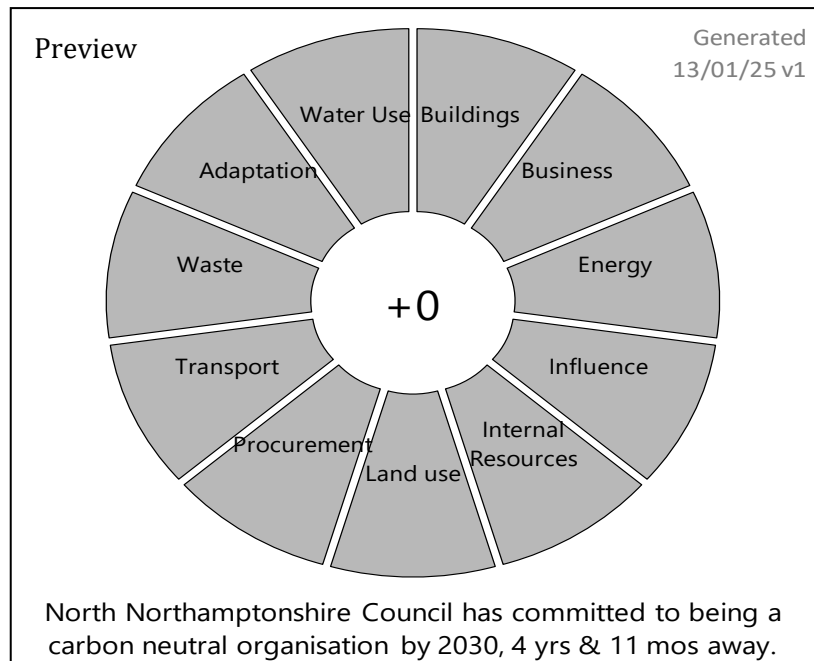
## **7.7 Consideration by Scrutiny**

- 7.7.1 This proposal has not been considered by the Place & Environment Scrutiny Committee but is eligible to be called in as part of their work programme.

## 7.8 Equality Implications

7.8.1 An Equalities Screening Assessment has been completed which identifies that at this stage there is no impact. A further assessment will be completed as this project progresses.

## 7.9 Climate Impact



7.9.1 No negligible impact on climate change factors is identified at present. As the scheme progresses it is anticipated that there will be a positive impact on factors such as energy efficiency and switching to low-carbon energy supply as a result of bringing vacant property back into use. This will be considered as part of developing the High Street Rental Auction Policy and the degree to which the Council can influence Carbon reduction initiatives as part of the improvements to the properties.

## 7.10 Community Impact

7.10.1 Bringing empty properties into use in our town centres improves the quality of the town centre environment and encourages increased footfall.

7.10.2 The local authority must also be satisfied that the occupation of the property for a suitable high-street use would be beneficial to the local economy, society, or environment

## 7.11 Crime and Disorder Impact

7.11.1 Bringing empty properties into use in our town centres reduces the opportunity for crime and Anti-Social Behaviour.



## 8 Background Papers

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- 8.1 High Street Rental Auctions: Non-statutory guidance:  
<https://www.gov.uk/government/publications/high-street-rental-auctions-non-statutory-guidance>